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28 August 1985

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BURMA

BRIEFS

PARTY CONGRESS PRELIMINARY MEETING--A preliminary coordination meeting for the convening of the Fifth Party Congress of the Burma Socialist Program Party was held at 0800 this morning in the Conference Hall of the compound of the Central Institute of Political Science and Mingaladon, Rangoon. U Aye Ko, chairman of Fifth Party Congress Convening Commission, acted as presiding chairman and U Thein Ngwe, secretary of the commission, officiated as secretary at the meeting. After the meeting was declared open and valid, the program and agenda for the Fifth Party Congress were coordinated and approved. Next, U Win Maung, secretary, submitted a prepared list of names of 15 members and 15 alternate members of the panel of chairman of the Fifth Party Congress and the meeting endorsed the list. After the presiding chairman delivered a closing address, the preliminary coordination meeting ended in the morning. /Text/  
/Rangoon Domestic Service in Burmese 0630 GMT 1 Aug 85/

COS: 4211/79

FIJI

## POLITICAL SHAKE-UP FORESEEN

Kuching THE BORNEO POST in English 6 Jul 85 p 7

[Text]

SUVA:— Fifteen years after independence the South Pacific State of Fiji is facing a major political shakeup which could change traditional political alliances among Fijians and Indians.

A new labour party is about to be born while the main Indian opposition to the Fijian-controlled government is in disarray with its powerful youth wing trying to overthrow the leader.

Indians make up about 51 per cent of the 680,000 population, outnumbering indigenous Melanesians and playing a major part in the economy. But the Indian-dominated National Federation Party (NFP) has never held power.

Disputes, public squabbles and faction fights have marked the NFP's stormy history and since flamboyant lawyer Siddio Koya took over its helm last year the divisions have worsened.

He led the party to a disastrous by-election defeat in an Indian Communal seat in May against a candidate put up by NFP's disenchanted Youth Wing.

Koya, 62, who had pledged to resign if the official candidate lost, stayed put, cried foul and turned to the courts claiming some of the votes were spoilt.

The party leader, who had unsuccessfully urged police to stop the New Parliamentarian using opposition offices in government buildings, lost the case.

Despite renewed calls for Koya to quit from a growing number of his party members, his response was defiant and brief: "My answer is no. Full

stop."

Since the by-election, Koya has declined to give press interviews and appears prepared to dig in and take a Kamshackle party to a general election due to be held in mid-1987.

Youth Wing leader Anil Singh is in no doubt that the NFP will never stand as a credible alternative to the alliance party government unless Koya goes.

"Koya has made a promise and he ought to keep it... nobody is going to trust this party in government if you have a leader who cannot be trusted for his word," Singh told Reuters.

Koya's problems stem from smouldering antipathy between his supporters and those who back the leader he replaced in May 1984, Jai Ram Reddy, now party president.

The Youth Wing claims that it now has active support from at least nine of the 22 NFP parliamentarians.

The Alliance Party of Prime Minister Ratu Sir Kamisese Mara, the country's leader since independence from Britain in 1970, holds power after winning 28 seats in the 52-seat House of Parliamentaries (Lower House) in the 1982 polls.

Fijian politics are constitutionally structured on racial divisions and members of Parliament are elected on communal and national electoral rolls balanced between the constituent races.

As the NFP continues along a path of seeming self-destruction, Fiji's trade union movement is launching its own political party in early July.

The Fiji Trades Union Congress (FTUC), with 37 affiliated unions and a membership of more than 40,000 workers, is the largest organised body in the country.

Union leaders promoting the new party say it will attract both Indians and Fijians because of the FTUC's balanced racial structure.

"We are confident that with the formation of the New Labour Party, no one party will get a majority in the next election. We will provide the balance of power," said James Raman, FTUC general secretary.

Political observers question whether the new party, no matter how well organised, can break into traditional Indian and Fijian support for the NFP and the alliance.

But Raman is confident that disenchantment with the government and the NFP guarantee success.

He says the government has failed to solve economic problems, which has sent up food prices, increased the number of jobless and prompted a wage freeze.

"We believe the leaders of today are those of the past and are no longer relevant. This goes for both parties," he says.

There is growing speculation by the opposition that the government might call a snap general election late this year or early next year to get a fresh mandate to deal with the economy, heavily dependent on tourism and a sugar industry hit by the slump in world sugar prices.

Justification could come from the need for two by-elections, one caused by the death of the Foreign Minister.

A government spokesman declined to comment on the speculation. But with the NFP in disarray and a new labour party still in its infancy, the timing would benefit the ruling party.

FIJI

BRIEFS

NEW PARTY DIVISIVE--Fiji's Shadow Minister for Economic Planning and Development, Mr Shardha Nand, has warned if a Labour Party is formed in Fiji, it could lead to a head on collision between the two major races, Indians and Fijians. Mr Nand, a key deputy of the Opposition leader, Mr Koya, said the proposed Labour Party would upset the political balance in Fiji. He said Race relations in Fiji were sacred to both major political parties., the Alliance and the National Federation party. Mr Nand said there was no guarantee the Labour Party would help preserve relations between Fiji's various races. The Labour party is expected to be launched at a major conference in Suva next month called by the Fiji Trade Union Congress. [Text] [Honiara SOLOMON STAR in English 21 Jun 85 p 5]

CSO: 4200/1318

INDONESIA

# MOCHTAR WELCOMES AUSTRALIAN DECISION ON IRIANESE FUGITIVES

Jakarta ANTARA NEWS BULLETIN in English 19 Jul 85 p A6

[Text]

Jakarta, July 19 (ANTARA).- Foreign Minister Mochtar Kusumaatmadja has said if the Australian government grants entry permits to five Irian Jaya fugitives as refugees, it would cause a precedent.

He made this statement when he was at Jakarta's Soekarno-Hatta international airport to meet Canadian Foreign Minister Joe Clark and party, who arrived here for a five-day official visit to Indonesia.

The Indonesian foreign minister who was asked to comment on the reported refusal of the Australian government to give permanent residence permits to five Irian Jaya fugitives, said that he welcomed the Australian government's decision.

The decision will help preserve the favourable atmosphere in Indonesian-Australian relations", he said.

According to the minister, it is appropriate that immigration officials should be cautious in dealing with people who ask for entry permits under various pretexts.

The French news agency AFP Wednesday reported that the Australian government had refused to give permanent residence permits to five Irian Jaya fugitives who had asked for entry permits into that country as refugees.

The decision was announced Wednesday by Australian Minister of Immigration, Chris Hurford, who added that his government was guided by the so-called pull-effect.

"We could be flooded by people crossing with their small boats to the islands and North coast of Australia", he added.

## Clandestine radio broadcasts

Foreign Minister Mochtar Kusumaatmadja also welcomed the Australian government's decision to reject an application by a group of Australians for a radio link between Darwin and the separatist force in East Timor.

AFP reported Wednesday that Australian Minister of Communications Michael Duffy had said that his government had rejected the application of Brian Manning of the Australian Coalition for East Timor to maintain a communication exchange from North Darwin with the Fretilin.

INDONESIA

# HABIBIE DISCUSSES S&T COOPERATION WITH HELMUT KOHL

Jakarta ANTARA NEWS BULLETIN in English 24 Jun 85 p A8

[Text]

Bonn, July 23 (ANTARA).-- Minister of Research and Technology Prof. Dr. B.J. Habibie Tuesday held a 45-minute tet-a-tete with West German Chancellor Helmut Kohl on efforts to promote bilateral cooperation in science and technology for mutual industrial and economic interest.

Helmut Kohl during the talk stressed the importance of cooperation in science and technology as a foundation for long-term bilateral industrial and economic cooperation, Habibie told "ANTARA" after the meeting held at the Chancellor's office.

The Chancellor expressed the hope for closer bilateral cooperation in the fields of aviation, shipbuilding, automotive and bio-chemical industries.

Kohl opined that the tradition of sending Indonesian youths to study natural sciences and engineering at German universities since the '50s should be preserved and even, their number be increased, Minister Habibie said.

Habibie was one of the first batch of Indonesian youths sent to study engineering in West Germany in the '50s.

At the meeting Habibie explained Indonesia development programs, especially those having significant impacts on the national and regional resilience.

He said that the Chancellor had expressed his government's support for the materialisation of those programs.

Kohl, who visited Indonesia in November 1982, conveyed his personal best wishes for President and Mme Tien Soeharto.

CSO: 4200/1311

INDONESIA

PNG DOES NOT RECOGNIZE OPM, AMBASSADOR SAYS

Jakarta ANTARA NEWS BULLETIN in English 25 Jul 85 p A2

[Text]

Jakarta, July 24 (ANTARA).-- The Papua New Guinea Ambassador to Indonesia, Brian K.Amini, firmly stated here Wednesday that his country did not recognise the so-called Free Papua Organization (OPM) and did not permit the illegal organization to operate in Papua New Guinea.

During a meeting with Chairman of the Supreme Advisory Council (DPA) M.Pang-gabeau, the ambassador also confirmed that Irian Jaya was an integral part of the Republic of Indonesia.

On the occasion, the two leaders agreed to dismantle various problems causing disharmony and instability in the bilateral relations between the two neighbouring nations.

Whereas, the ambassador said, the factor of stability consisted an important thing for making the development programs a success.

Ambassador Brian Amini also said that the bilateral relations between Indonesia and Papua New Guinea had been running well so far.

He said that his country had been considering Indonesia as a member of both international and regional communities which had been progressing well during the recent years. In this connection, the Papua New Guinea ambassador expressed the hope that the existing relations and cooperation between the two nations should be strengthened in the near future.

During the one-hour meeting the two sides reached a mutual understanding on various issues relating to the relations of the two countries. The chairman of DPA also expressed the hope for enhancement of cooperation on various fields between the two nations in the future.

CSO: 4200/1311



28 August 1985

INDONESIA

900 PERSONS TO BE TRAINED UNDER INDONESIANIZATION SCHEME

Jakarta ANTARA NEWS BULLETIN in English 18 Jul 85 p A4

[Text]

Jakarta, July 18 (ANTARA).- The government in the next three years is planning to train and recruit some 900 persons to be placed in multifarious industrial companies under its Indonesianization scheme, the directorate general of multifarious industries reported.

The director general of multifarious industries and the director general of manpower development and recruitment early this year issued a joint decision pertaining to this scheme.

This year the government is planning to provide trainings for some 500 participants with an expense of around one billion rupiahs.

In 1986 and 1987, the government is planning to train 400 others.

The training program is intended to improve the skill and knowhow of Indonesian workers who will replace the expatriates in the future.

Under the Indonesianization scheme, some 1,572 expatriates in 180 fields of multifarious industries are scheduled to be replaced by Indonesians.

In 1985/1986, as many as 18 trainings will be conducted throughout cities in Indonesia, notably, Semarang, Bandung, Yogyakarta, Bogor, Banjarmasin and Jakarta.

The trainings will be held six times for the textile industry group, four times for the construction materials industry group, twice for other industries.

CSO: 4200/1308

INDONESIA

AUSTRALIA REFUSES TO GRANT LICENSE FOR RADIO LINKS WITH FRETILIN

Jakarta ANTARA NEWS BULLETIN in English 18 Jul 85 p A2

[Text]

Canberra, July 17 (ANTARA/AFP).- Australia has refused to grant a radio licence to an Australian group seeking to establish links between Darwin and separatist forces in the Indonesian province of East Timor, an official said today.

Communications Minister Michael Duffy said the government had rejected a request by Brian Manning of the Australian coalition for East Timor to establish two-way communications from the northern city of Darwin with the Fretilin forces.

Mr. Duffy said facilities already existed for public communication with East Timor through the Australian Overseas Telecommunication Commission.

He also said that issuing a licence for a fixed link without Indonesian agreement would be inconsistent with international practice and that Indonesia had advised him it would not agree.

The Indonesian government earlier had said such a radio link would interfere in its internal affairs.

Mr. Duffy said a previous similar request had been refused on the same grounds.

CSO: 4200/1308

INDONESIA

12,839 FAMILIES RESETTLED IN ACEH

Jakarta ANTARA NEWS BULLETIN in English 19 Jul 85 pp A2, A3

[Text]

Banda Aceh, July 19 (ANTARA).-- The resettlement of transmigrants in Aceh province over the last ten years, at five locations, has reached 12,839 families consisting of 55,564 people.

The transmigration program in the region also included resettlement of local people, about 10 percent of the total transmigrants, Aceh Governor Hadi Thayeb stated at the meeting of the provincial House of Representatives (DPRD) Thursday.

The number of spontaneous transmigrants in Aceh has totalled 883 families or 2,405 people.

So far, the provincial transmigration office has cooperated with the Cot Girek sugar factories (the state-owned plantation company) to provide jobs for the transmigrants.

The cooperation has begun since 1981/82 involving 1,100 transmigrant families, and in 1984/85 totalling 400 families.

The policy of the transmigration ministry is actually focused on plantation sector transmigration, but because of limited land area, it is also directed to other sectors such as industry, husbandry, fishery and forestry.

CSO: 4200/1308

INDONESIA

#### EXPLOITATION OF COASTAL SWAMPLAND PLANNED

Jakarta ANTARA NEWS BULLETIN in English 12 Jul 85 p 7

[Text] Jakarta, July 12 (ANTARA)--No less than 5.58 million hectares of coastal swamps in Indonesia still could be developed and exploited for agricultural and resettlement purposes, a senior official said Friday.

Moebagio, director for swamp development at the Public Works Ministry said 39.5 million hectares or 26 percent of Indonesia's land area are swampy, 24 million hectares of which are coastal swamps affected by sea

The World Bank had concluded from a survey that 15.7 million hectares of the swamps were not fit for development and exploitation, while 3.2 million hectares had been developed and used for farming. Thus there are still 5.58 million hectares waiting for development and cultivation.

In the current Fourth five-Year Development Plan, the Public Works Ministry plans to develop 310,000 hectares of the coastal swamps so as to be fit for agricultural cultivation and human resettlement.

In addition, the ministry will also work to develop and exploit 150,000 hectares of inland swamps, Moegiono said.

CSO: 4200/1307

INDONESIA

GOVERNOR DESCRIBES BETTER LIFE OF EAST TIMOR PEOPLE

Jakarta ANTARA NEWS BULLETIN in English 17 Jul 85 p A4

[Text] Dili, July 17 (ANTARA)--The life of the people of East Timor has become so much better since intergration with Indonesia in 1976, Governor Carrascalao said to the press here Tuesday.

He said an outstanding change had occured in the people's consciousness to send their children to schools. Some of the people have sent their sons and daughters to schools outside of the region.

In the field of health the people are given better health services. They even recieve health treatment free of charge as the government has allocated Rp 500,000,000 a year for the health care of the people.

The development in the economic sector has also improved with the presence of more cooperatives units.

Governor Carrascalao said he plans to develop tourism in the region and appealed to the officials of the tourism ministry to arrange the development plan and make a feasibility study in the region.

The governor said security condition is relatively good at present giving no threats to the development programs in the region. The number of members of the rebel movement in the jungles is smaller, and they will soon unite with their brothers who are in better condition now, he said.

CSO: 4200/1307

INDONESIA

MINISTER SURONO WARNS AGAINST COMMUNIST REMNANTS

Jakarta ANTARA NEWS BULLETIN in English 24 Jul 85 p A6

[Text]

Jakarta, July 23 (ANTARA).-- Coordinating Minister for Political Affairs and Security Surono pointed out that the former G30S/PKI (communist) detainees and convicts must be maintained and intensified.

Addressing a national congress of the Ulemas Council (MUI) here Tuesday, Surono deemed it necessary to make the warning because remnants of the banned communist party (PKI) who were abroad during the abortive communist coup attempt in September 1965, were reportedly to have come returned to Indonesia illegally.

He also reminded that some of the former prisoners are hardliners, now aged between 55 and 60.

In such an age range, they may still have the pushing power and ability to engage in underground actions, he said.

Surono said there were also PKI members who had never been caught.

He told the 250 participants of the meeting that communism is only one of four serious dangers to Indonesia, while the other three are liberalism, the elements within the society trying to manipulate religious beliefs and develop them into an ideology, and those opposing government policies.

Surono said, however, the government drew the general conclusion that the Indonesian nation and state are in no actual danger at present.

CSO: 4200/1311

INDONESIA

# SUDOMO URGES RESTRUCTURING OF FBSI

Jakarta ANTARA NEWS BULLETIN in English 24 Jul 85 pp A4, A5

[Text]

Cipanas, Bogor, July 23 (ANTARA).-- Manpower Minister Sudomo has asked the Indonesian Labour Federation (FBSI) to simplify the structure of its organization so as to catch with the rapid growth of the manpower sector at present and in the future.

The minister made the remark when opening the first National Congress of Labour Federation of Oil/Natural Gas and General Mining (SBMGPU) here Tuesday.

According to Sudomo, it is high time to restructure the organization of FBSI which has no longer been suitable to the present situation.

Sudomo stated the organization is currently unable to counter the rapid growth industries as planned by the government.

In addition, the minister also asked the Labour Federation to create new cadres specifically and professionally.

The FBSI was founded on February 20, 1973 as a part of political establishment of the new order, and the process of the political establishment has now come to the end. Therefore the organization should be adaptable to the new situation, he stated.

## Political education.

Sudomo on the occasion expressed the hope that the FBSI would continue to improve the ability of its members, so that they have high political awareness, and each member of the organization is aware of the task to devote to the country besides improving their livelihood.

It is proveable that companies which employed workers with high political awareness in the past two year-experience, could smoothly arrange their joint working contract (PKB).

Meanwhile, Agus Sudono, General Chairman of the FBSI admitted that the FBSI could not work flexibly. As if a swollen elephant, the organization cannot work smoothly, he said.

The official said such a problem will be discussed in the second national congress of the organization in November this year.

CSO: 4200/1311

INDONESIA

NU GUARDS AGAINST ISLAMIZATION OF INDONESIA

Surabaya SURABAYA POST in Indonesian 27 Jun 85 p 1

[Article: "Abdurrahman Wahid Says Indonesia Cannot Be an Islamic Nation"]

[Text] In a geographic sense, Indonesia cannot be an Islamic nation. As an example, Pakistan has been such a nation. Islam teaches that human beings should establish a nation, but it has never specified what kind of a nation should be established. An Islamic nation of itself is of no importance, but an Islamic culture must be created. Haji Abdurrahman Wahid, general chairman of the NU PB [Nahdlatul Ulema Executive Board], made this clarification on Wednesday evening [26 June] in the Tuban Regency auditorium.

At the post-Ramadan forgiveness ceremony held with the regional government at which the Tuban NU branch director was also installed, he asserted that Indonesia could not be "Islamized." If this process was forced on Indonesia, many of its regions would "abstain." Thus, the creation of an Indonesian Islamic nation would be undermined. In the end, Pakistan was only able to last as an Islamic nation for 25 years and was then divided into Pakistan and Bangladesh.

With Indonesia's diverse population, the Islamic religion figuratively could be called the head of the household while the house could be called Pancasila [five basic principles of Indonesia]. In the house, each householder lives under conditions that differ from those of the other householders. In any case, the householders are more valuable than the house. However, both are needed. Because a house is passive by nature, the householders must maintain and guard the house well, he said.

Young People Do Not Study With an Ulema

Any person or group wishing to get rid of Pancasila can do so in many ways. Many in the young generation now have returned to the religious fold. However, they generally take short cuts in learning about religion by studying without the help of an ulema [religious scholar]. Young people now generally study religion only from books and Indonesian-language translations of the Koran. Such study should really be done under guidance.

Isn't it possible that these materials could be misunderstood and, moreover, that they could contain errors? If the material contained in these books was misleading, the students could even be led astray. Take, for instance, the



misunderstanding that could occur if religious aspects were politicized. Such decadent materials are also read by ulemas. Therefore, ulemas who are members of Nahdlatul Ulema, prepare suitable interpretations of these materials to save the country.

Ulemas do this by weighing everything carefully and reconciling the Pancasila position with religion. They each (Pancasila and religion) have their own criteria, but both present revelations that do not conflict with the other. "Initially, other Islamic groups reacted negatively to NU's acceptance of the Pancasila sole principle, but recently they have deemed it beneficial," Gus Dur said.

Meanwhile, Soerati Mursam, the Tuban regent, reminded his listeners that Indonesia still must be vigilant against latent communism. The present third communist period uses the "will-of-the people" doctrine. This means that they profess to Pancasila and support the red and white flag but continue to undermine the country. Nahdlatul Ulema provides a ray of hope by being the spearhead of vigilance to safeguard stability.

6804

CSO: 4213/281

INDONESIA

EP STANCE ON PKI EXECUTION DEEMED BASELESS

Jakarta SINAR HARAPAN in Indonesian 28 Jun 85 p 1

[Article: "Execution of G-30-S/PKI Leaders Was in Accord With Universal Legal Principles"]

[Text] Jakarta, 28 June--Ali Said, SH, chief justice of the Indonesian Supreme Court, said the European Parliament resolution that criticized the Indonesian government because it executed Moh. Munir, a leading figure in the G-30-S/PKI [30 September 1965 abortive coup/Indonesian Communist Party], was questionable, baseless and was not in accord with universal legal principles.

Based on the facts in the case, within the context of settling the G-30-S/PKI question, the involvement of the PKI was very clearly proved. PKI involvement, among other things, was admitted by Nyono frankly during the trial and also by Mrs Threes Suminto Heilegers of Dutch descent, who has been engaged in activities against the Republic of Indonesia government overseas.

The Supreme Court justice who presided over the MAHMILUB [Extraordinary Military Court] trials of Nyono and Subandrio, explained that the trials of these G-30-S/PKI leading figures were handled in accordance with judicial procedures in effect in our country. Among other things, no session of the court was closed in these cases. The sessions were always open to the public and the public also testified. In this case, the public included foreign nationals.

The settlement of the cases was in accord with the judicial system in force in Indonesia, namely a long process proceeding from the district court level to the appellate court to the court of cessation and pardon from the president.

Prior to the president's decision on a pardon, consideration was requested of the attorney general, minister of justice and the chief justice of the Supreme Court. "Clearly the trials of those involved in the G-30-S/PKI were handled in accord with legal principles that are universally applied."

Do Not Seek Revenge

The chief justice added that armed rebellion against a lawful government anywhere must be adjudicated in accord with legal decisions in force in the country in which the rebellion occurred. This is all we did in settling the

G-30-S/PKI armed rebellion. "So, others need not interfere in this matter because it was handled in accord with legal principles universally applied." Further, it should be remembered that the penal system which we uphold is not a vengeful one but has been established to maintain the law and justice as well as public order.

Actually, the question of the G-30-S/PKI rebellion has been made clear to the world. This is proved by, among other things, a film made on that affair by a foreign national, said Ali Said, SH, chief justice of the Supreme Court.

He also reminded his listeners that there was something unique about sentencing someone in our country, something which is done in few other nations. What is unique is that every sentence handed down is preceded by the phrase, "For justice, based on faith in the Almighty God." In some countries it is preceded by the phrase, "In the name of the king or the queen."

Therefore, every judge who hands down a sentence in Indonesia clearly ensures that his sentence is not only based on secular considerations but also considerations of the next world, Ali Said told SINAR HARAPAN on Friday morning [28 June].

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28 August 1985

INDONESIA

## NEW NU-MUHAMMADIYAH APPROACHES RECOMMENDED

Surabaya SURABAYA POST in Indonesian 28 Jun 85 p 2

[Article: "Repeated NU-Muhammadiya Approaches Needed"]

[Text] Surabaya--Repeated approaches must be made by the Nahdlatul Ulema and the Muhammadiyah to enhance feelings of brotherhood. To date, this has been studied at the central level by these two Islamic organizations. Information is being gathered on contacts that could be made which would lead to real brotherhood. Haji Abdurrahman Wahid, the NU PB [Nahdlatul Ulema Executive Board] general chairman, provided this information on Thursday [27 June] in Surabaya in response to a question from the SURABAYA POST.

He explained that to date relations between the two organizations have neither been "komplang" (inimical) nor close. They each perhaps have been busy working on programs for presentation to the public. The Muhammadiyah has been busy working on hundreds of programs as has the NU. However, both organizations are working on almost the same ground, and both continue to stand firmly behind the decisions made by their respective organizers.

Gus Dur said it cannot be denied that such striving to strengthen brotherhood among Islamic mass organizations is noble. Actually much thought has been given to this for a long time, but strengthening brotherhood should not be done with half-way measures. To date for NU, such striving is still in the conceptual stage, and no firm concepts have yet been developed. At the least, these initial efforts could be a starting point for further discussion, he added.

Other Islamic mass organizations have suddenly reacted to the concepts which developed from ideas presented by KH [venerated scholar] Achmad Siddiq, the NU PB general chairman, and the general chairman of the Muhammadiyah PP [central board]. According to the NU PB general chairman, NU meanwhile was "learning by doing." It was studying everything that could create a stronger brotherhood while continuing to strive for it. This must be kept up and not abandoned once brotherhood has been achieved. More importantly, ideas along that line could be coordinated down to the lowest ranks because a deciding factor is what happens among the members of the religious community, he said.

## Frequent Meetings Needed

The Nahdlatul Ulema and the Muhammadiyah, at the central level, now feel that efforts to achieve a stronger brotherhood must involve meeting frequently. Such meetings could be fruitful because they would provide an opportunity for each side to make more meaningful approaches. Through such meetings, the respective needs of the organizations could be made known and acted upon. They would be able to determine which fields of activity they should mutually support and which fields they should respect as lying within the other's province.

Gus Dur affirmed that they first must seek points on which they agree. Since they agree on many matters, they must also seek points on which they disagree and then reconcile them. One, for instance, is that both organizations have historic reasons for their establishment, and these have determined their respective roles.

He explained that NU's role was established by well-known and wealthy ulemas. Before the organization became known as the NU, it was called Nahdlatut Tujjar (NT), which means "merchants renaissance." Ulemas who were merchants or merchants who were ulemas agreed to pay dues of 5,000 guilders a month to the organization. The money collected was then divided among educational institutions to counter the colonial institutions which were closed to the indigenous people.

With this basis, it means the NU is by nature more autonomous, and its primary aim is to educate the people and more effectively use human resources, he said.

6804

CSO: 4213/281

INDONESIA

#### SUHARTO'S APPEAL TO ULEMA COUNCIL

Jakarta ANTARA NEWS BULLETIN in English 20 Jul 85 pp A1, A2

[Text]

Jakarta, July 20 (ANTARA).-- President Soeharto has appealed to the Indonesian National Council of Ulemas (MUI) to make efforts to help broaden the insight of the Indonesian Muslim people.

The President stated this in his address at the opening of MUI's third National Conference at the Istana Negara palace here Saturday.

The Head of State stressed the need for mass organizations like MUI to adopt the sole basis of Pancasila.

Pancasila is Indonesia's state ideology which comprises five principles namely Belief in the God Almighty, humanity, democracy, national unity and social justice.

By adopting the Pancasila state ideology as the sole fundament for political and mass organizations, the nation could prevent any possible ideological conflict.

President Soeharto said that ideological conflict could result from any effort to contradict Pancasila against religion.

He said Pancasila and religion could not and would not be syneretized each other.

Pancasila would not reduce the role played by religions, the Head of State said.

#### Integrated Efforts

President Soeharto asked MUI to promote the integrated efforts of the Indonesian Muslim people to achieve their common goal which is in line with the national development goal.

He said MUI should carry out programs which are acceptable to all groups existing among the Muslim community in this country.

President Soeharto described religion as one of the main capitals for the success of the national development.

The third MUI national conference lasting from Saturday until Tuesday is participated in by 250 delegates from all over the country.

The conference will choose, among others, MUI board leaders for the 1985-1990 term of office.

INDONESIA

CONCERN EXPRESSED OVER DECLINING NUMBER OF MUSLIM SCHOLARS

Jakarta PELITA in Indonesian 28 Jun 85 pp 1, 4

[Article: "Minister of Religion Concerned About Declining Number of Muslim Scholars"]

[Text] Jakarta (PELITA)--Haji Munawir Sjadzali, MA, minister of religion, said he was deeply concerned about the declining number of Muslim scholars in this country. There are fewer and fewer Muslim scholars. One by one they are growing older and leaving us.

The minister expressed his concern in a welcoming address at the post-Ramadan forgiveness ceremony held by the Tebu Ireng Religious Training Center Family and Alumni Club at the Salafiyah Syafiiyah Islamic School, Labu Muslim Religious Study Center, Pangkalan Jati, South Jakarta, yesterday [27 June].

Educational System

He said he was more and more concerned about the religious education system adopted by Aliyah schools. These pupils were expected to become ulema [religious scholar] candidates. The training and education given there showed no signs of providing them with what they needed for this goal.

For example, the minister cited materials for studying law based on Muslim theology. When the minister checked an Aliyah school, the books used were merely books on Muslim law written by the author, Sulaeman Rasjid. These books, according to the minister, were appropriate enough for the general public, but if they were the only books used by ulema candidates, they really fell far short of what was needed.

The minister also said that too many standard Islamic texts were still written in Arabic and therefore a knowledge of the Arabic language was very important. Of great concern also was the poor knowledge of Arabic of many teachers employed by Aliyah schools. Moreover, the minister had met an IAIN [State Islamic Religious Institute] graduate who could not speak Arabic.

He added that an ulema absolutely must be able to speak Arabic. Islamic books or scriptures written in Arabic must be read by ulema candidates.

"Let us not recognize them as specialists in religion if they cannot read the scriptures," the minister remarked.

#### Lack of Dynamism

Continuing, the minister of religion said that many of us now are more proud of a child who becomes an engineer, doctor or other professional than if he becomes a religious scholar. This is another matter of concern. Earlier an individual pursued his studies at a religious training center and was less concerned about finding a certain position than obtaining an education. Today, however, everyone who goes to school is burning with a desire to find a job when he graduates.

For that reason, problems arise when an educational institution is established with 70 percent of its curriculum devoted to religion and 30 percent to general education. Nevertheless, thought is being given to forming a special educational institution which can produce ulema candidates, the minister remarked.

The post-Ramadan forgiveness ceremony was attended also by R. Sudradjat Nata-atmadja, SH, the Bogor regent and other officials, religious scholar alumni of the Tebu Ireng Religious Training School, and the local public.

6804

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INDONESIA

CLARK ON CANADIAN PARTICIPATION IN COUNTRY'S DEVELOPMENT PROJECTS

Jakarta ANTARA NEWS BULLETIN in English 19 Jul 85 p A8

[Text]

Jakarta, July 19 (ANTARA).-- Indonesia and Canada have entered into a new era of closer and mutually beneficial relations as seen from a wide range of activities Canada is participating in Indonesia's development, visiting Canadian Secretary of State for Foreign Affairs Joe Clark said Friday.

Speaking before leading Indonesian and Canadian businessmen and diplomats at a luncheon in Jakarta, the secretary of state cited as examples a number of Indonesian-Canadian projects carried out directly or through the channel of the International Development Research Centre.

These projects include the Suralaya power project in which Canada has supplied Indonesia with land satellite equipment, coalhandling equipment and industrial boiler; the Bukit Asam coal mine development project; cooperation in establishing a nuclear laboratory; cooperation in biotechnology; supply of engineering services and advice for the road construction project in Northwest Sumatra; transmigration project in Irian Jaya and mining in Sulawesi.

On human resources development, he said, Canada would give special emphasis to the management of renewable natural resources, including the environment, on which a General Training Program Agreement has been signed.

The secretary of state further described this agreement as an important expression of the continuing emphasis being placed on this requirement that will hopefully be followed by supporting programs on university development, environmental manpower development and water resources training.

Regarding Canadian investments in Indonesia, State Secretary Joe Clark said over 20 Canadian firms already have resident offices in Indonesia with direct investments totalling more than one billion US dollars in various industries.

The encourage the tourist and trade flows between the two countries, the Canadian Indonesian Business Council would be mounting a mission to Indonesia next month, he added. He also expressed his welcome to the presence of Indonesia at EXPO'86 in Vancouver.

The Secretary of state also pointed out that the Canadian government has maintained its 1985 IGGI pledge of approximately US\$ 40 million as a sign of Canada's desire to extend substantial development assistance to Indonesia.

INDONESIA

ADB LOAN FOR PROMOTION OF ANIMAL HUSBANDRY

Jakarta ANTARA NEWS BULLETIN in English 20 Jul 85 p A1

[Text]

Palangka Raya, July 19 (ANTARA).--- The Asian Development Bank (ADB) provides a loan of Rp.100 billion to the Indonesian government to promote animal husbandry in transmigration areas in the provinces of East, Central and West Kalimantan during Pelita IV (fourth five-year development plan, 1984-1989).

Central Kalimantan Governor Gatot Amrih said here Thursday that Central Kalimantan would receive about Rp.35.5 billion out of that loan.

At the first stage of the 1985/1986 fiscal year Central Kalimantan will receive 5,750 head of cattle, consisting of 4,000 head of Balinese and 1,750 head of foreign parent stock, as well as 900 goats in 300 packages. Each package consists of three goats and the transmigrants will receive one package each.

In this connection a two-member team of ADB consultants arrived Thursday in Palangka Raya and will stay here for several days.

The aim of their visit is to make a survey of the available parent stock in Central Kalimantan and to obtain data which can support the animal husbandry development efforts, Governor Gatot Amrih said.

CSO: 4200/1310

INDONESIA

EAST JAVA GOVERNOR ON TRADE RELATIONS WITH PRC

Jakarta ANTARA NEWS BULLETIN in English 23 Jul 85 p A5

[Text]

Surabaya, July 22 (ANTARA).-- East Java Governor Wahono has reminded a delegation of KADIN (Chamber of Commerce and Industry) tasked with studying the possibilities of trade relations with the People's Republic of China (PRC), not to be lured merely by the vast number of the Chinese population.

Besides, do not hastily conclude that the trade relations will have bright prospects, Wahono told the East Java KADIN members who will join the delegation to PRC.

Wahono stressed that the feasibility study should be carried out carefully to look into the prospects of the trade relations.

He advised the KADIN members not to connect the relations with political problems, since the main task of KADIN is to expand advantageous trade relations.

According to schedule, the Indonesian delegation consists of 60 to 80 entrepreneurs and will leave for PRC on July 26.

Vice Chairman of East Java KADIN Drs. Husein said that the province will offer its sugar, drugs, fertilizer, cement, insecticides, and coffee, while the PRC is interested in plywood.

However, he added, this does not close the possibilities of exporting agricultural products.

CSO: 4200/1310

INDONESIA

# PROBLEMS OF YUGOSLAVIA-FINANCED BELAWAN POWER PLANT DESCRIBED

Jakarta ANTARA NEWS BULLETIN in English 24 Jul 85 p A1

[Text]

Medan, July 23 (ANTARA).-- The Belawan steam-powered electricity plant (PLTU) has not yet started operating due to a severe damage of one of its turbines.

The electricity project financed by loans from Yugoslavia is expected to generate 130 megawatts of electricity starting next August, but due to the damage its operation will be very likely postponed, a technician at the project disclosed to ANTARA Tuesday.

Failures have often occurred at the plant ever since it was started two years ago, but the one happened to the turbine was its most serious damage. Repairs have been done to it, but the turbine is still refusing to work in spite of the two month repairs done to it.

Even the foreign technicians working for the project were at a loss as to how to tackle the matter, according to the technician.

With the turbine refusing to function Medan still suffers from lack of electricity. Previously with the two turbines of the PLTU which produce 65 megawatts of electricity, the state-owned electricity company PLN planned to distribute 180 more megawatts of electricity.

Goods in astray.

Information obtained by ANTARA revealed the electricity project was originally scheduled for Bolivia but for no clear reasons went astray to Indonesia.

Machine equipment was piled on sandy roadsides when the project was just started. As a result the electricity generating equipment was exposed to heat and rains, and when installed several of its components were under serious damage and had to be replaced.

These damages have made the Belawan PLTU a costly project. The head of the project refused to give details of the funds used for the seemingly never to be completed project.

The project would be equipped with two more additional turbines, each to produce 65 megawatts of electricity. The project will be very costly to operate besides not too benefitting for future need since it makes use of residual fuel oil.

INDONESIA

REOPENING OF BUSINESS SECTORS CLOSED TO INVESTMENT MAY BE CONSIDERED

Jakarta ANTARA NEWS BULLETIN in English 15 Jul 85 p A3

[Text] Jakarta, July 14 (ANTARA)--With a view to further boosting non-oil exports the government may consider the reopening of certain lines of business that had been closed to foreign and domestic investments, or not covered by the 1985 List of Priorities (DSP), on the condition that all the products of such businesses will be for export.

Under the priority list, issued by the Capital Investment Coordinating Board and drawn up by virtue of Presidential Decree no. 55 of 1985, dated July 9, 1985, foreign capital investment is allowed only if it involves at least US\$1 million, with the exception of certain lines of business to be separately determined by the board.

To protect financially weak businesses, it is necessary to prevent competition among new capital investment projects as regards traditional businesses especially meant or reserved for economically weak undertakings.

Foreign capital investment in Indonesia may be undertaken only in the form of joint ventures between Indonesian and foreign interests.

The total shares of the Indonesian partner at the time of the establishment of the joint venture, under the 1985 priority list should be at least 20% of the venture's authorized capital.

The foreign partner should give a chance to its Indonesian partner to increase its shares to reach a majority (51%) or more of the joint venture's authorized capital after the company has operated 10 years since the commencement of commercial production.

The joint venture is also required to employ as such Indonesian skilled workers as possible both during the construction period and afterwards in the production process.

CSO: 4200/1307

INDONESIA

FEES FOR FOREIGN SHIPS FISHING IN EEZ

Jakarta ANTARA NEWS BULLETIN in English 15 Jul 85 p A8

[Text] Jakarta, July 15 (ANTARA)--The government as of July 1 has imposed several kinds of levies on foreigners or foreign companies catching fish in the Indonesian exclusive economic zone (EEZ), Junior Minister for Husbandry and Fisheries J. Hutasoit disclosed Monday.

After reporting to President Soeharto, Hutasoit told reporters that the Minister of Agriculture had issued new decrees recently governing the matter. The stipulations of the minister came into force on July 1.

Foreigners or foreign companies wishing to catch fish in the EEZ also have to obtain prior permits, the junior minister said.

The new levies consist of ship registration fee, fee for change of permit, and levy on fish caught.

According to one of the ministerial decrees, Decree No. 477 of 1985, every ship wishing to catch fish in the EEZ has to pay a registration fee of US\$ 3 for every gross ton (GT) of the ship.

Meanwhile, payment for a change in the fish-catching permit will be US\$ 100.

For the fish-catching itself annual payments also have to be made, as follows: US\$ 69 per year for every cubic meter of the hold of ship using long lines; US\$ 82 for every cubic meter of hold of ship using pole line; and US\$ 85 for every cubic meter of hold for ship using purse seine.

The rate for ships using gill net or equipment other than trawl is US\$ 44 per year for each cubic meter of the hold.

Limit of Fish Catch

Junior Minister Hutasoit said, another decree of the minister of agriculture, Decree No. 473 of 1985 effective as of July 1 also set a limit to the amount of fish that may be caught in the Indonesian EEZ each year.

The limits are as follows: 1,115,751 tons for fishes of the pelagic type; 75,915 tons for tuna; 88,884 tons of cakalang; and 582,731 tons for fishes of the demersal type.

The total catch potential of the EEZ is estimated to be as follows: 1,285,900 tons of fishes of the pelagic type; 83,435 tons tuna; 98,760 tons of cakalang; and 647,500 tons of fishes of the demersal type.

The application for permit to catch fish in the EEZ, according to Hutasoit, has to be forwarded in accordance with another decree of the minister of agriculture, namely Decree No. 475 of 1985.

The application should be submitted to the Director General for Fishery of the Ministry of Agriculture through the proper foreign embassy or representative office in Indonesia.

Only foreigners or foreign companies from countries that have signed agreements on fishery cooperation with Indonesia may submit applications.

CSO: 4200/1307

INDONESIA

FAO LAUDS COUNTRY'S SELF-SUFFICIENCY IN RICE

Jakarta ANTARA NEWS BULLETIN in English 16 Jul 85 p A7

[Text] Rome, July 16 (ANTARA)--The Food and Agricultural Organisation (FAO) has seen Indonesia's success in rice self-sufficiency as a "miracle".

"Indonesia has achieved what many countries want to achieve", a spokesman of FAO said in an interview with ANTARA correspondent Parni Hadi at FAO Headquarters here last weekend.

Richard Lydiker, chief of the current information branch, information division, said FAO was happy to be associated with the Indonesian success, because it had given its support to reach the achievement.

According to the latest statistical figure, Indonesia is able to provide its population with 410 gram of rice per man per day. The total surpasses the actual need of 400 gram per man per day.

Indonesia's success has prompted FAO director general, Dr. Edouard Saouma, to invite President Soeharto to deliver a speech at the coming 23rd FAO conference here on November 14, marking the 40th anniversary of the organisation.

Soeharto is expected to explain his policies in the agricultural development which have brought Indonesia to the success.

"As the largest country in Southeast Asia, Indonesia has given a lot of attention to agriculture and has achieved a lot in this field, therefore it has a very interesting story to tell for others", therefore it has a very interesting story to tell for others", the spokesman said.

CSO: 4200/1307



INDONESIA

EXPORTS MAY BE STEPPED UP THROUGH GSP, OFFICIAL SAYS

Jakarta ANTARA NEWS BULLETIN in English 16 Jul 85 pp A2, A3

[Text] Jakarta, July 15 (ANTARA)--Indonesia still has a way to step up its non-oil exports through the Generalized System of Preference (GSP) provided by countries such as the US, Japan and the members of the European Economic Community, the director of overseas trade of the ministry of trade, Soesilo Sardadi said in a speech to the opening of a national seminar on GSP here

He said the realization of Indonesia's non-oil exports through GSP is still low compared with that of other developing countries.

The value of Indonesia's exports through GSP to the US in 1984 was recorded at only US\$ 29 million, or only 0.2 percent of the US total GSP import which was recorded at US\$ 13 billion.

Singapore and the Philippines respectively ranked seventh and eighth among the developing countries conducting exports with GSP.

From the data it is seen that Indonesia is still able to step up its exports by taking the benefit of the GSP, Soesilo Sardadi said.

He added the GSP is basically a reduction or a cut on import tariffs specially meant by the developed nations for the developing countries.

Based on UNCTAD's data the realization of developing countries' exports through the GSP increased sharply from US\$ 12 billion in 1976 to US\$ 40 billion in 1984.

The director general considered the seminar on GSP very important seeing that the GSP is intended for helping the developing countries step up and diversify their exports, and speed up their industries and economic development.

CSO: 4200/1307

INDONESIA

GROWTH OF JAPAN'S IMPORT OF INDONESIAN PLYWOOD REPORTED

Jakarta ANTARA NEWS BULLETIN in English 13 Jul 85 pp A2, A3

[Text] Jakarta, July 12 (ANTARA)--Japan's import of Indonesian plywood in 1984 was 6 times that of 1983, and this expansionary tendency continued into the first four months of 1985. The figure for January/April 1985 amounted to 9,338 thousand m2 which was 3.1 times that of the corresponding period in 1984 (2,976), according to the Import Statistics of Japan on customs clearance basis (table attached).

During the same period of January/April 1985, the amount of total import of plywood into Japan was 10,387 thousand m2. Thus, the share of Indonesia stands at 90% of Japan's total import.

The attached table also shows separate figures for plywood of less than 6 mm in thickness and plywood of not less than 6 mm in thickness.

In Japan, thinner plywood is generally used as materials for secondary processed plywood, and thicker one for concrete forming panels and packaging.

Unit volume : thousand m2 Amount : million yen.						
Year	Less than 6 mm in thickness		Not less than 6 mm in thickness		TOTAL	
	Volume	Amount	Volume	Amount	Volume	Amount
1982	703	173	123	123	826	296
1983	1,138 (1.87)	256 (1.48)	1,056 (8.58)	558 (4.54)	2,374 (2.87)	814 (2.75)
1984	9,020 (6.84)	1,819 (7.11)	5,344 (5.06)	2,678 (4.80)	14,364 (6.05)	4,497 (5.52)
January 1984	1,809	324	1,167	537	2,976	861
April 1985	6,173 (3.41)	1,307 (4.03)	3,165 (2.71)	1,773 (3.30)	9,338 (3.14)	3,080 (3.58)

In brackets, rate against preceding year.

CSO: 4200/1307

INDONESIA

INTELLIGENCE CHIEF ON IMPORTANCE OF COOPERATION WITH JAPAN

Jakarta ANTARA NEWS BULLETIN in English 18 Jul 85 p A1

[Text]

Tokyo, July 17 (ANTARA) --Indonesia-Japan cooperation is of great importance in maintaining stability in the world and Asia-Pacific region, Yoga Sugomo, chief of Indonesia's coordinating board of intelligence said here in a TV interview by Japan's NHK Wednesday.

He said Indonesia acknowledges the fact that in the north Pacific region Japan is a big and potential country.

Indonesia, on the other hand, is of no less importance in the Southeast Asian region from the political, strategical and demographic points of view.

If both powers could complement each other they would become a very powerful force in the efforts to maintain world stability and eliminate restlessness, Sugomo hinted.

Life in its very simple form will always include national interest, he further stated. Still, without sacrificing it, a basis could always be found for cooperation of mutual benefit.

He was of the opinion that relations between the two nations both at government and personal levels are good. The question is how to create relations beneficial and positive to the two countries, he added.

In this regard both sides have to be aware of each other's weaknesses and strong points and to be able to find a most appropriate means to complement each other.

Japan, while very much advanced in science, technology and industry, and an economically strong country, lacks natural resources necessary for the development of its industry and economy. Indonesia, rich in raw materials, could supply these to Japan.

Citing an example he disclosed that Japan started its motor industry by using scrap iron from Indonesia.

In its efforts to arrive at a better economic stage Indonesia, still lacking in science and technology, has yet to learn a lot, among others from Japan.

He firmly stated that Indonesia does not want to be on the receiving end only, although it would not say that Japan cannot live without Indonesia.

However under the present world condition each nation has to hold on to the principle of co-existence and mutual giving and taking. Japan in this regard is expected to deal with developing countries on the basis of mutual need,

which means it is expected to fight poverty and to ensure an equal distribution of welfare in the world.

Sugomo, who was here in his capacity as chairman of Persada (Japan's Alumni Association) for a visit with other members of the organization, during World War II (1942-1944) had his military education in Japan and his experience while staying here has instilled in him a strong spirit of nationalism.

On the great East Asia war launched by Japan, Yugo, who was at that time 17, believed Japan was forced to declare the war because it had a feeling that its life was being subjected to pressures and discrimination by its enemies, not because the Japanese were warmongers, he explained.

He considered it important to know to be made a reference in the future, to give a right and proper place for living for all nations including the developing nations.

CSO: 4200/1308

INDONESIA

JAPAN'S DEMAND FOR OIL PRICE DISCOUNT CANNOT BE MET

Jakarta ANTARA NEWS BULLETIN in English 18 Jul 85 p A10

[Text]

Jakarta, July 18 (ANTARA).-- Indonesia cannot meet Japanese oil buyers' demand for discount for their export of Indonesian crude oil, Abdul Rachman Ramly, President Director of the state-owned oil company Pertamina, said here Thursday.

"Indonesia is a member of the Organization of Petroleum Exporting Countries (OPEC) and we will abide by any OPEC decision," he said answering reporters' question at the Cendana presidential mansion here.

He confirmed that the Japanese oil exporters had already applied for discount for the crude oil they bought from Indonesia.

The Pertamina chief also confirmed on the existing trend to decrease in oil importing from Indonesia in the Japanese market, due to price pressures in international markets, "But we are determined to keep our oil market share," he added.

The Japanese oil importers had the right to choose oil they wanted to export, but Indonesia would also strive to keep its oil market share in Japan, he said, adding that "we have to be competitive so/as possible in facing our competitors in Japan." /to be

Answering a question on the possibility of a dialogue with the People's Republic of China (PRC), Ramly said that there was no sign so far for holding such a dialogue.

When he was asked on whether Indonesia would demand that Japan should keep 15 percent of oil market share in the Japanese market, the Pertamina chief executive said that the 15 percent market share was an understanding. "We cannot hold on to the figure absolutely, because it was the problem of supply and demand.

CSO: 4200/1308

INDONESIA

DROP IN INFLATION RATE REPORTED

Jakarta ANTARA NEWS BULLETIN in English 21 Jul 85 p A5

[Text]

Jakarta, July 20 (ANTARA).-- The inflation rate in Indonesia during the first six-month of this year showed a decline compared with that in the same period of 1984, according to data obtained from the public relations service of the trade Ministry here Saturday.

The data showed that the inflation rate during the first six months of 1985 was 3.93 per cent, while in the same period of 1984 it was 7.54 per cent.

The inflation rate during the first quarter of the 1985/1986 fiscal year (April-June, 1985) was higher than that in the same period of 1984/1985.

The inflation rate during the first quarter of 1985/1986 reached 3.75 per cent, while in 1984/1985 period it was only 2.24 per cent.

The higher inflation rate in the first quarter of 1985/1986 year was due to the increase of price index of several kinds of food and clothes, particularly before Idul Fitr (Islamic post fasting holidays).

CSO: 4200/1310

28 August 1985

## INDONESIA

## JAPANESE CONDUCT STEEL PLANT FEASIBILITY STUDY IN SUMATRA

Jakarta ANTARA NEWS BULLETIN in English 24 Jul 85 p A4

[Text]

Palembang, July 23 (ANTARA).-- Two groups of a Japanese steel company, affiliated to the Nippon Steel Corp Japan International, Tuesday started their feasibility study in South Sulawesi province for the construction of a steel company.

The delegation which consists of eight members will stay in the province for a one-week survey as a part of their surveys in Indonesia among others in the provinces of Aceh, West Java, Yogyakarta, West Kalimantan, and South Sulawesi.

South Sumatera Governor, represented by his secretary Drs.H.M.Arma, while receiving the team of Japan International said that the province is developing its industry, especially its raw material industry.

He called Palembang a city favourable for a steel company since transportation of raw material, especially coal, is very easy here. Some 2 million tonnes of coal are transported from Tanjung Enim annually.

Chairman of Nippon Steel Takeo Aba explained that for the construction of an integrated steel company with 2 million tonnes capacity per annum, some 600 hectares of land are needed. The company, which needs 400 megawatts of electricity and 5 million tonnes of iron ore as raw materials, will be able to employ 10,000 workers.

CSO: 4200/1311

INDONESIA

GAS, OIL DISCOVERY IN SOUTH SUMATRA

Jakarta ANTARA NEWS BULLETIN in English 24 Jul 85 p A3

[Text]

Jakarta, July 23 (ANTARA).-- The Asamera Inc. and Bow Valley Industries have discovered oil and gas at the "Corridor Block" in South Sumatra, which is in the new Production Sharing Contract Area, Pertamina Public Relations & Foreign Affairs announced today.

The South Rawa-1 wildcat well, located on a separate structure 6 kilometers southeast of the Rawa-3 oil discovery and about 2 kilometers west of the Ramba oil field has encountered oil and gas in the Batu Raja Limestone formation. The Batu Raja Limestone has a total thickness of 40.5 meter with 11.5 meters of net gas pay and 11.5 meters of net oil pay.

A test through perforations of 1.5 meter interval in the lower part of the oil pay flowed 758 barrels of 38.7 degree API oil per day on a 5/16 inch choke. A previous drill stem test of a 4.9 meter interval at the top of the gas pay flowed 3.5 million cubic feet of dry gas per day.

Additional drilling is planned to delineate the areal extent of the South Rawa discovery which has considerably enhanced the potential for additional oil reserves throughout the entire Rawa region.

Asamera (Overseas) Limited, a wholly owned subsidiary of Asamera Inc. is operator and has a sixty percent interest in the Corridor Block. Bow Valley Industries has a forty percent interest.

CSO: 4200/1311



INDONESIA

PROSPECTS OF NICKEL BUSINESS VIEWED

Jakarta ANTARA NEWS BULLETIN in English 25 Jul 85 pp A3, A4

[Text]

Bandung, July 24 (ANTARA).-- During the last three years Indonesia has met 9 percent of the total nickel demand of non communist countries. If such condition can be maintained, Indonesia will have to supply 60,000 tonnes of processed nickel by 1990.

"The present capacity is around 40,000 tonnes nickel annually and can still be increased provided the industry is included in the group of 60 per cent lowest cost production", according to a report from the Bandung PPTM (Development Centre for Mineral Technology) carried in brief by Darsa Permana in April edition of the PPTM bulletin.

The problem is that Indonesian nickel business depends upon Japan's import. Thus, diversification of marketing is an alternative, besides construction of downstream industries.

Japan is the third biggest country absorbing the nickel, after the USSR and the United States. The relatively short distance and good relations between Indonesia and Japan are main factors of orienting Indonesian nickel marketing to the country of the rising sun.

South Korea, India, Taiwan and Singapore can be taken as new marketing areas, according to the report of Bandung PPTM.

Viewed from domestic nickel development, the industry has a good prospect. "If processed under good and exact plan, it will not be difficult for Indonesia to operate nickel mine at low cost and consumption energy", said the report.

Some 14 percent of the world nickel deposit and 20 percent of laterite can be found in Indonesia. If compared with the nickel produced by other countries, Indonesia's nickel quality is much better.

Besides that, Indonesia has quite sufficient energy for laterite which needs more energy for its processing.

At present, Indonesia is producing nickel ore, ferronickel, and coarse nickel.

CSO: 4200/1311

INDONESIA

COOPERATION WITH AUSTRALIA IN TECHNICAL TRAINING DESCRIBED

Jakarta ANTARA NEWS BULLETIN in English 17 Jul 85 pp A8, A9

[Text]

Jakarta, July 17 (ANTARA).- Australia will co-operate with Indonesia in its priority task of upgrading technical and vocational education, the Australian ambassador, Bill Morrison, said in Bandung Tuesday.

Morrison according to the Australian embassy was attending a graduation ceremony of the Indonesian-Australian Technical Education Project (IATEP), when 68 Indonesians received the Fellowship Diploma of Technical and Vocational Teacher Training.

This Fellowship is awarded by Hawthorn Institute of Education in Victoria, Australia. The Diploma were conferred by Barry Taylor, the Project Manager for the Australian contribution to the IATEP, and Assistant director of the Hawthorn Institute.

The ceremony was held at the Technical Teacher Upgrading Centre in Bandung.

The Indonesian Fellows completed a two-stage program of studies, first at the Hawthorn Institute in Australia and then with individual study packages in Indonesia under the supervision of Australian advisers.

Morrison said that the Indonesian Government, in Repelita IV, had identified technical and vocational education as a high priority.

He noted that Repelita IV called for an expansion and an improvement in the quality of vocational and technical education to produce the skilled personnel required for development.

"A number of Indonesian Ministers recently have also highlighted the need for technical and vocational training as an important contribution to Indonesia's development program", Morrison said.

"The graduation of this significant number of Indonesian technical and vocational teachers is a fine example of the type of bi-lateral co-operation between Australia and Indonesia projects such as the IATEP foster", Morrison added.

Morrison said the IATEP provided adviser assistance at three major centres associated with technical and vocational education.

These were the Directorate of Technical and Vocational Education (Ministry of Education and Culture) in Jakarta; the Vocational Teachers' Upgrading Centre in Ragunan; and the Technical Teachers' Upgrading Centre in Bandung.

Program since 1971

Australia had been providing assistance to technical education in Indonesia since 1971, but it was not until 1980 that it was co-ordinated under a single project with the appointment of the Hawthorn Institute of Education as the managing agent.

Australian advisers working on the project had all had extensive experience of teaching their technical or vocational skill. Their role is to develop the skills of their Indonesian counterparts who are responsible for the training and upgrading of teachers at technical and vocational schools.

Indonesian technical and vocational teachers also attend courses in Australia aimed at upgrading their skills both in their trade and in teaching.

Also under the project, advisers, equipment and resources were provided to S.T.M. Cilacap, a technical school designed to train skilled workers in the technical areas.

Since the project began about 80 Australian advisers have been provided.

Fellowship programs for the lecturing staff (Master Teachers) have enabled 300 Indonesians to attend programs at the Hawthorn Institute of Education during the project period.

CSO: 4200/1308

INDONESIA

SABOTAGE RULED OUT IN STATE RADIO STATION FIRE

Jakarta ANTARA NEWS BULLETIN in English 24 Jul 85 p A7

[Text]

Jakarta, July 24 (ANTARA).-- There was no indication that the fire which gutted the Indonesian Radio (RRI) building last week was caused by an act of sabotage, according to conclusion reached after a meeting of ministers in charge of security and defence Wednesday.

The meeting was mainly devoted to the fire-outbreak which killed two employees who were trapped inside the building.

Information Minister Harmoko stated that investigations into the causes of the fire were still being continued. The meeting agreed for the need of starting rehabilitation plans of the damaged building. Improvements should be made in fire preventive measures and equipments.

The minister made it clear that inspite of the accident radio's program had been resumed as usual. Among those attending the meeting were Foreign Minister Mochtar Kusumaatmadja, Armed Forces Commander General Moerdani, Chief of State Intelligence General Yoga Sugama and Justice Minister Ismail Saleh with Coordinator Minister for Political and Defence Affairs Surono presiding.

CSO: 4200/1310

INDONESIA

# NURTANIO RECEIVES MCDONNELL DOUGLAS QUALITY STANDARDS CERTIFICATION

Jakarta ANTARA NEWS BULLETIN in English 21 Jul 85 pp A2, A3

[Text]

Jakarta, July 21 (ANTARA).- A team from the McDonnell Douglas Corporation certified on 16 July 1985 that the production and quality control system used at the Nurtanio Indonesian Aircraft Facilities in Bandung do meet the stringent specifications established by the U.S. government for military and commercial aerospace programs.

This certification formally approves the Nurtanio Aircraft Industries as a qualified supplier for the McDonnell Douglas Corporation. The detailed audit of the quality control system was accomplished by Ir. Sundaro Marjoseputro, Director of Quality Assurance of Nurtanio and Dwain Rassmussen, Manager of International Quality Control of McDonnell Douglas.

This is an important step in the consideration of Nurtanio Aircraft Industries for future subcontracts and related cooperative business ventures in the field of aerospace technology with the McDonnell Douglas Corporation. The McDonnell Douglas team was led by J.A. Brady, corporate director of industrial collaboration and consisted of procurement, production and quality control specialists from the various divisions of the corporation. The key participating division of the corporation. The key participating divisions included the Douglas Aircraft Company which produces the MD-80 DC-10 commercial aircraft for airlines world-wide and McDonnell Douglas Astronautics Company which is the supplier of the Harpoon antiship missile to the U.S. Government and Navies throughout the freeworld.

Brady indicated in an address to Nurtanio directors in Jakarta that the team was very pleased with what was observed at the Bandung facility and that McDonnell Douglas was clearly interested in defining collaborative programs to further develop the relationship between the two companies.

Brady said that "Now that it is clear that the quality of Nurtanio meets the U.S. Government, McDonnell Douglas, and commercial airline standards the potential opportunity for industrial and technical collaboration is unlimited".

CSO: 4200/1310

INDONESIA

BRIEFS

MUHAMMADIYYAH CONGRESS IN DECEMBER--Jakarta, July 16 (ANTARA)--The Muhammadiyyah Islamic Organization is scheduled to hold its 41st congress (muktamar) in Solo, Central Java, from December 7 through 11 this year. The decision to that effect was made in the Muhammadiyyah central leaders' plenary meeting in Yogyakarta from July 13 through 14. The 41st Muhammadiyyah congress has been postponed for two years in connection with the enactment of the Law on Mass Organization No.8/1985. The Masa Organization Law was enacted early this year. Muhammadiyyah leaders from Malaysia and Singapore will attend the congress as observants. [Text] [Jakarta ANTARA NEWS BULLETIN in English 17 Jul 85 p A5]

ULEMA COUNCIL ELECTS OFFICERS--Jakarta, July 23 (ANTARA)--K. H. Hasan Basri (65) was elected General Chairman of the Indonesian Ulemas Council (MUI) for 1985-1990. The decision was made the 3rd national congress of the Council here Tuesday night. The co-chairman also elected on the occasion were K. H. Tarmudji, H. M. Soedjono, Prof. K. H. Ibrahim Hosen, K. H. Abdul Rachman Wachid, H. Abdul Qadir Basalamah, Dr. H. Tarmizi Thahir and Dr. H. Quraisy Shihab. The meeting also announced the members of MUI's Consultative Council for 1985-1990. The 3rd congress, held since July 20, was attended by 250 participants leading ulemas including those from the different regions. The congress was closed by Religious Minister Munawir Sjadzali, also in the presence of Coordinating Minister for Welfare Alamsyah Ratuperwiranegara. [Text] [Jakarta ANTARA NEWS BULLETIN in English 24 Jul 85 p A7]

CSO: 4200/1307

LAOS

## MILITARY BUILD-UP, ECONOMIC CONTROLS, FACTIONALISM NOTED

Bangkok BANGKOK POST in English 19 Jul 85 p 4

[Article by Jacques Bekaert]

[Text]

A COUPLE of months ago, Soubanh Srithirath, the deputy foreign minister often considered the most brilliant element of his department, discretely said good bye to a few foreign friends in Vientiane. He was due to leave for Hanoi to attend a "seminar." The former student of the prestigious French military school of Saint Cyr said he could be away for several months. It did not mean he was being purged. Sources said that if he proved himself to be a "good student" in Hanoi he could even get a promotion. Otherwise the seminar could last two or three years...

Last year, in June 1984, two sons of Prince Souphanouvong, the President of the Lao People's Democratic Republic, were less lucky. They were arrested for "economic crimes." As far as we know, Kansay and Viet Van (the latter an adviser to his father) are still in jail.

A few months after the incident two deputy ministers, Oudone Pholsena (finance) and Chanpheng Bounaphon (commerce) were also arrested and charged with corruption, following a tractor deal involving a Thai supplier — equipment supposedly new was in fact second-hand. Several other officials, most of them connected to economic ministries, especially people dealing with foreign aid and trade, have also been convicted.

Already, in May 1983, more than 50 senior bureaucrats had been "purged."

One of the most recent victims was the vice president of the State bank, Sisavath Sisane, reportedly arrested on May 10, 1985.

## CELEBRATION

Because we are dealing with a socialist nation, it would be tempting to accuse the regime rather than the accused. Whether or not the charges are real, we can only guess. Some obviously are serious and quite plausible. It shows that few people are immune, and that Laos is determined to bring about some "law and order" before the celebration of the 10th anniversary of coming into power of the communist party (Lao People's Revolutionary Party).

□ □ □

FOR the past two years, the regime has been trying to strictly regulate foreign trade and private enterprises. It was a fairly flourishing sector, but one that prospered in spite of the control of the authorities.

Last year the government conducted an important "business registration campaign." No less than 4,670 people registered their enterprises in the municipality of Vientiane alone (Economist Intelligence Unit: *Quarterly Economic Review of Indochina*, No 2, London, 1985). The licence fees collected by the authorities brought in more than 10 million kip of extra income. It was, however, still 25 per cent short of the expected revenues.

Some of the licence fees are exorbitant and obviously designed to drive some people out of business. The annual fee for a gold trader can be as high as 200,000 kip (about US\$5,700).

One of the consequences of such economic restriction is the increasing flow of people escaping from Laos. In 1982 only 5,019 people left, but a year later there were more than 6,991 and in 1984, at least 18,000, according to the UN High Commissioner for Refugees.

If many Laotians were suspicious of the new measures, or that in the long run those measures could indeed have a negative effect on productivity and income (even state income), still, few people would challenge the decision of the regime to conduct the first serious population census. The eight questions carefully avoided any political or ideological implication and concentrated on matters like name, sex, age, nationality (in view of Laos' great ethnic diversity), level of education, occupation and place of employment. The result of the census should give a much more precise idea of the real population of Laos.

□ □ □

BUT the stricter socialist economic control was not the only reason that sent young people across the Mekong River. Last year, an important conscription drive took place in the country. The goal was to bring the Laotian People's Army (LPA) to a total of 70,000 armed men. It was an ambitious target for a country of 3.7 million people.

The reasons for such an expansion of the armed forces are many. According to one inside source, it is partly an answer to the growing but largely uncoordinated resistance activities inside the country. It indicates the desire of Laos to be better prepared to ensure its self-defence. It is also, says the source, because the Vietnamese army would like to be able to pull its troops away from Laos, should China become too aggressive.

Large provinces had to provide 1,000 young men and lesser populated areas around 600. Another 5,000 people were said to have been recruited from the university. Once again, many preferred to leave their homeland rather than serve in the army.

In 1984, no less than five new

infantry divisions have been created.

## TRAINING

Some of the young students have been trained at camp PK 21 (PK stands for "point kilometrique" or kilometre point) near Vientiane. Instruction would later take place either in Laos or in Vietnam. The best young men are sent to Vietnam for a 36-month special course. When they come back they will be either Battalion or Companies commanders of the LPA.

At the same time, an important effort has been made to rationalise the structure of the LPA, especially the old system of shared leadership by party officials and army commanders. The new structure closely resembles the system of the "one-man command" adopted by the Vietnamese army over the past few years. As in Vietnam, it will be the Party Politburo and Central Committee that will have the final responsibility over military matters although the military commander will enjoy more autonomy at field level.

As the "special relationship" between Laos and Vietnam becomes increasingly apparent, the country is obviously moving towards a "purer" form of socialism. The growing presence of Vietnam does not create much enthusiasm. Even among party members dissatisfaction has been expressed on several occasions. The uneasiness of some is reflected at politburo level where at least two factions appear to coexist more or less peacefully — one is pro-Soviet with Prime Minister Kaysone Phomvihane (a member since 1946 of the then Indochinese Communist Party) reportedly as the leader while the other is closer to Hanoi, led by Nouhak Phoumsavanh, the first vice president of the council of ministers and, like Kaysone, a member of the Politburo. The "pro-Chinese" faction, formally represented by Prince Souphanouvong has been almost completely eliminated and the prince himself is hardly more than a figurehead.



LAOS

# NGHE TINH-XIENG KHOUANG COOPERATION REVIEWED

Hanoi VNA in English 30 Mar 85 pp 3, 4

[Text] Hanoi VNA March 30--The Vietnamese province of Nghe Tinh is helping the sister Lao province of Xieng Khouang to achieve economic self sufficiency within a relatively short period of time.

During the wars of resistance to French colonialism and US imperialism, especially in the Cu Kiet campaign, when the Lao reactionaries launched a 52-battalion mopping-up operation on Xieng Khouang in hopes of destroying revolutionary bases, Con Cuong and Tuong Duong areas of Nghe Tinh received some 20,000 (twentythousand) Lao refugees. People in Nghe Tinh sent their sons and brothers to Xieng Khouang to fight against their common enemies.

Since the end of the war, Nghe Tinh people have been standing side by side with Xieng Khouang people in national construction and defence and in maintaining peace and friendship along their 560-km border.

To help its Lao sister province, Nghe Tinh has founded the building company No. 5 in charge of working in Laos. The company has built for the latter of a number of hospitals and schools such as the Noong Het hospital, the Phoong Savang high school, the provincial guest-house, and other projects.

Nghe Tinh is building for Xieng Khouang a hydro-electric power station in Ban hamlet and the Noong Het wire broadcasting net-work which were completed on March 22 on the occasion of the 30th anniversary of the Lao People's Revolutionary Party.

In 1984, at Xieng Khouang's request, a delegation of Nghe Tinh province, led by Ha Van Tai, member of the Nghe Tinh Party committee and head of its office, came and worked in Xieng Khouang for a month to exchange experiences in building a provincial administrative machine,. A large number of experienced farmers were sent to help the Lao people increase their rice yield from two to five or even eight tonnes per hectare.

Also last year, with the assistance of two experienced fish-breeders from Nghe Tinh, Xieng Khouang for the first time successfully created a source of local black carp breeds.

Nghe Tinh has been promoting multiform cooperation with its sister province with the aim of enabling Xieng Khouang's population to do by themselves all the works at construction sites, fish-raising centres and other economic establishments after Vietnamese experts return home. For instance after one year's drawing experiences from Vietnamese experts, Chan Phon, chairman of Pec village, has quadrupled rice output on his own plots and widely introduced these experiences to the villages and throughout the district. Workers in Tha Khet district have successfully produced the first batch of bricks with the help of two experts from Nghe Tinh.

This year, the two twin provinces plan to further promote mutual assistance in many fields, especially in economic development and the maintenance of public security. Vietnamese experts and workers are cooperating with their Lao counterparts in exploiting pine resin and timber in Lao forests or helping Xieng Khouang transport exported timber through Vietnam.

Many schools, hospitals, workshops, enterprises, factories and creche attendants' classes in Nghe Tinh are receiving hundreds apprentices from both provinces.

CSO: 4200/1306

LAOS

'TALK' ON TRADITIONAL LINKS WITH THAILAND

Vientiane PASASON in Lao 25 Jun 85 p 3

["Talking Together" Column: "The Lao and Thai Are Peace-Loving Peoples"]

[Text] It is happy to recall the fine relations, the solidarity and the fraternal love between the countries, the unity, the cherished friendship that has existed since ancient times, and the joint efforts to protect the love started by the ancestors of the peoples of the two countries, and the endless resistance to quarrels and harm by the enemies of the Lao and Thai peoples.

Relations between the Lao and Thai peoples do not arise only from their proximity but also because they have the same traits of blood, culture, customs, and the same religion.

Since ancient times the Lao and Thai peoples have been going back and forth visiting each other. One is happy when the other is happy, and one is sad and angry at the other's misfortune. If someone goes to the other side he eats fish, and when one comes to this side he eats rice. The Lao and Thai peoples have the same characteristics of loving, respecting, and sharing with other people near or far. They always say "Live morally and never make trouble for others," etc. This is why the Lao and Thai peoples love peace. If anything bad happens to any of them they will all be angry, and feel the pain as if it was their own. They will help each other at once to fight to eliminate any problem. Thus, this helps the people of the two countries who have loved and respected each other since the ancient times to understand each other even more. It is regrettable, however, that these fraternal relations have been damaged by the imperialists and the international reactionaries who believe in their deceitful words and come to invade Laos. This has made Lao-Thai relations tense and gloomy.

However, the Lao and Thai peoples have a heritage of fighting to protect their longstanding relations from ancient times from any group that tries to separate them and destroy their relations. In order to secure, stabilize, and extend these relations the Lao and Thai peoples must tighten even more their solidarity and work together against all intent to damage their valuable heritage. In this spirit the Thai government should maintain as good and as reasonable a position as does the Lao government.

Whatever the situation it is necessary to work together to seek ways to improve it in the interests of the two countries. It was in the past 2-3 years in particular that the tension has increased in Lao-Thai relations, caused by a number of ill-intentioned people in the Thai ruling clique who follow the reactionary outsiders. The tensions reached a peak when the Thai troops encroached upon the three Lao villages in Sayaboury Province last year. Even so, the Lao side made proposals again and again for talks between representatives of both governments aimed at improving Lao-Thai relations. This is the only way to normalize the fraternal relations of the people of both countries to the way it used to be for the long-term interests of both countries.

9884

CSO: 4206/149

LAOS

# SAYABOURY RALLY CONDEMNS THAIS FOR BORDER VIOLATIONS

Vientiane PASASON in Lao 26 Jun 85 p 2

[Article: "The Masses in Sayaboury Province Protest Against the Crimes Committed by the Ultrarightist Thai Reactionaries"]

[Text] On the occasion of the anniversary of the invasion and encroachment upon the three Lao villages of Ban Mai, Ban Kang, and Ban Savang in Paklai District, Sayaboury Province (6 June 1984 to 6 June 1985), the masses in Sayaboury Province and those from all the provinces of the LPDR rallied to protest the Thai ultrarightist reactionaries who shamelessly, openly, and illegally invaded and encroached upon the three villages.

On the morning of 6 June 1985 over 1,500 people consisting of cadres, combatants, government employees, workers, and the people of ethnic groups within the provincial municipality rallied to recall that day.

At the rally Comrade Khanvon, provincial party secretary, represented the party committee, the administrative committee, and the masses throughout Sayaboury Province in reading a lengthy condemnation of the crimes of the Thai ultrarightist reactionaries during the period of 1 year in the way they treated the Lao people in the three villages and around these areas. In several places he pointed out the deeds of the Thai troops towards those Lao, e.g., forcing them to register to become Thai, to learn the Thai language, and to use Thai currency. The troops separated the Lao men and women and raped the women, no matter who they were. They robbed property and livestock and the people's valuables. He also pointed out the good intentions of the LPDR government which had proposed talks with the Thai government to resolve the problem in Lao-Thai relations that concerned the mutual interests of the Lao and Thai peoples and the aims of the people in this region and also of the world.

All the masses at the rally together raised their hands and spoke in unison that they agreed with Comrade Khanvon's speech which demanded that the Thai side strictly carry out the joint statement signed between the governments of the two countries in 1979. He also demanded that they withdraw all troops from the area of the three Lao villages and the return to their homes of the people in the three villages who had been taken to Thai territory by force.

At the end he appealed to the people throughout Sayaboury Province to increase their solidarity among ethnic groups and to be highly alert in order to resist all the schemes of the enemies who hoped to seize the three villages for a long time and to create tensions along the Lao-Thai border. The rally also demanded that all classes of the Thai people with a sense of morality demand that the Thai government meet and talk with the LPDR government in order to quickly and unconditionally solve the problem of Lao-Thai relations.

9884

CSO: 4206/149

28 August 1985

LAOS

## COLUMN DISPARAGES CHINA AS ORIGIN OF LAO; THAIS SLIGHTED

Vientiane VIENTIANE MAI in Lao 13, 15 Jul 85

["Conversation with the Editor" Column: "Where Do the Lao People Come From?"]

[13 Jul 85 p 2]

[Excerpts] [Question] I have a question about Lao history. Some people say that we came originally from China, but what about the others? Do the Lao, Thai, Cambodians, Indonesians and Singaporeans have the same origin?

[Answer] Lao history indicates that the Lao or "Ai Dao" race settled in this part of the world over 5,000 years ago. Prior to the Buddhist and Christian eras the Lao race was located in the Altai Mountains (Tibet and Mongolia). On being invaded by the Chinese the Lao migrated to the south and finally settled in the kingdom of Nong Se (Nakhon Loung, Nakhon Pa), the present Chinese province of Hunan. The golden age for this kingdom lasted over 400 years. The head of the Lao was Khoun Boulom, and he had seven children. His oldest son was Khoun Lo (the one who set up Sava District which today is Luang Prabang). The kingdom of Nong Se was invaded by the Chinese, and finally the Ai Dao or Lao race scattered in different directions. History says that the Lao people spread out to many places, e.g., India, Burma, Sib Song Phan Na Leu (Dien Bien Phu), and those who settled along the Mekong River were the Lao nationalities.

[15 Jul 85 pp 2,4]

The people who settled along the Chao Phraya River and who are the Thais today were those who were under Khoun Boulom's youngest son (in our case Khoun Lo was Khoun Boulom's oldest son). Yet the Thais claimed that our leader was younger. Considering lineage, our leader is like their uncle because our leader was the oldest son).

The Lao are Lao. The Lao are not Chinese. It was the Chinese who invaded the Lao, and many Lao still live in China and have become Chinese citizens. It is characteristic of Lao that they live in tall houses (Lao style), eat glutinous rice and fermented fish, and their musical instrument is the khen.

The Lao people are wherever these characteristics are present. No one can eliminate them. The same goes for the Lao culture, which has its own identity and which no other nation can do away with. For example, the Lao people in northern Thailand still maintain Lao customs. In the southern part of China there are the customs of the Songkan New Year festival and the sound of the khen. There are Buddhist temples, etc., all of which are true symbols of the Lao.

Indonesia, Singapore, and Malaysia are not mentioned in our history. We believe that they have no relation to the Lao because they are Muslim, and some of them are Chinese (the Singaporeans, for example).

This is what we find in our history books. Our history confirms that Laos has loved peace, and never once invaded anyone. The Lao used to help others countries in war, e.g., during the Saisettha period Chao Suriyawong helped the Kingdom of Ayudhaya (Thai) to fight against the Burmese. But it is sad that other countries have committed aggression against the Lao all along, e.g., China, which previously and now hopes to swallow our nation. The same goes for the Thai ultrarightist reactionaries. After they seized Lao land and abducted the Lao people they continue to commit aggression against us. Look at the way our land was 300 years ago. Then the Lao border was way over at Korat (Phaya Fai Mountains), not the Mekong River. The making of the Mekong River to be the border between Laos and Thailand occurred after France seized Laos, and partly after Chao Anou lost to the Siamese reactionaries.

The lesson we learn from history is very painful. Therefore, we will not retreat even a single step. The Thai ultrarightist reactionaries and the Chinese expansionists can no longer hope to seize Lao land as they did before. We are willing to die for the future of our nation to belong to our children. You should understand this and tell the children that the Lao people are proud of their independence and sovereignty, and they will never again allow other countries to invade us.

9884

CSO: 4206/163



## LIME PRODUCTION IN VANG VIENG REPORTED

Vientiane PASASON in Lao 26 Jun 85 pp 2, 3

[Article by V Thammavong: "It Has Just Been Set Up"]

[Excerpts] The lime production unit in Vang Vieng District that everyone knows about really got started in mid-1984 under the direct and close guidance of the party committee, the district administrative committee, and the district industry and trade section. After production tests it was learned that the siting and the stone for the raw materials were able to guarantee a good outcome, and that the lime was also of good quality. The Vang Vieng District Industry and Trade Section has tried to raise money and officially set up this lime production unit which has been producing continuously according to plan ever since.

In mid-1984 the Vang Vieng District Industry and Trade Section set up a lime production unit with a total of 21 cadres and workers. By focusing on the revolutionary spirit in order to ensure production as in the expected plan, the committee responsible for it and also all the workers have been diligently and enthusiastically working in both the dry and rainy seasons on cutting wood, digging furnaces, crushing the stone, transferring the stone to the furnaces, baking, putting the baked stone into the "pham" pulverizing it, packing it into bags, loading the bags onto trucks, etc. There are only young cadres and workers working on lime production. No one had ever had a course in baking lime in school, and no one had any prior experience. They depended on guidance from the section and the administrative committee by using the techniques of the older generation. In the very beginning there were many difficulties, and the weak points and shortcomings were such as to overwhelm the outcome, especially the techniques for putting the stone and firewood into the furnace, lighting the fire, and many others. Most often what we see is that the stones are not baked. This causes low productivity and is a very costly expense. Because of the great efforts of the committee responsible for it, the attention of the section, and the efforts to learn made by the lime baking committee which had worked without stopping, after the first 2-month period the unit's lime production has gradually improved in terms of quality. The lime production unit of Vang Vieng District now guarantees very good quality and production.

For the final production of the first 6-month plan for 1985 the lime production unit had a total of 13 furnaces. Each furnace took over 3 tons of raw

material, and after it was baked it was difficult to find any unbaked stones. Thus, the cadres, the committee responsible for it, and the workers in this lime production unit are considered to have sufficient experience. Because of the great intent of the cadres and workers in this unit to learn on the job in order to ensure the work and duty assigned by the higher echelons, after the first 6 months of 1985 the lime production of Vang Vieng District produced a total of 124.170 tons, which was 24.170 tons over the expectation, and it was completed 19 days ahead of schedule.

Seeing the production capacity and the responsibility of the committee and the enthusiasm of the workers in the lime production unit in Vang Vieng District, and their ability to become self-sufficient and self-reliant at the base level, they were also able to carry out the new [economic machinery principle] set by the party and government. During mid-June 1985 the financial section of Vientiane Capital, the party committee, the district administrative committee of Vang Vieng, and the district industry and trade section approved the lime production unit of Vang Vieng District to be a lime production enterprise on 1 July 1985.

Comrade Bounpho Vinaigna, who has been assigned as manager and accountant in this lime production enterprise unit, told us that the plan for the section requires that we produce and distribute according to the contract. However, in considering the actual work, because we produced the [amount] based on the contract, this depleted all our production. We had a contract with a construction enterprise in central Vientiane and we would produce the amount they wanted. Another thing is that we still have little capital. However, our enterprise unit has been looking for more money and has been producing. Since early June we have been producing many tons, and over 20 tons has been distributed in Vientiane. Here we have been producing marble for flooring and for house walls. As for producing marble, there is no problem as long as we have enough time. During the baking and the putting of wood into the furnaces we need only one worker per furnace. The rest will be organized to crush the small stones which do not have to be the same size. Then we will mobilize the people in the houses close by to do this, and [we] will purchase it from them. This is to expand our enterprise unit so it will be able to serve society as needed.

9884

CSO: 4206/149

28 August 1985

LAOS

## COLLAPSE, REVIVAL OF CO-OPS; AGRICULTURE BOOM VIEWED

Vientiane PASASON in Lao 25 Jun 85 p 2

[Article by Radio Reporter: "Champassak Province Encourages Agricultural Co-op Conversion"]

[Text] Agricultural production in Champassak Province has grown steadily. Total agricultural production throughout the province in 1978 was 69,120 tons. In 1984 it was 211,585 tons, triple the 1978 figure. The total coffee production for 1980 was 1,800 tons, and for 1984 it was a factor of 1.8 greater or 3,390 tons. There was a rapid increase in the level of cattle, buffalo, pigs, and poultry. One of the main reasons for the rapid expansion of this province's agricultural production is the steady and extensive expansion of agricultural co-op conversion. Champassak Province now has over 700 agricultural co-op units. Every canton throughout the province has agricultural co-op units which have become important in carrying out the agricultural expansion policies for the province.

Agricultural co-op conversion in Champassak Province is divided into two periods, prior to 1980 and from 1981 to the present.

The year 1978 was when Champassak Province began mobilizing and setting up agricultural co-ops for the farmers, and 304 agricultural co-op units were organized. However, by the end of 1980 only 32 of the co-ops that had been set up in 1978 were still in operation. This was because many of them faced serious problems when they were first set up. In 1978, for example, there was a flood greater than any before, and in 1979 there was a serious drought. In addition, the agricultural management cadres were all new to this brand new job and had no previous training. When faced with these incidents [natural disasters], they did not know how to react. Those who were the members had not yet had any ideological training, and they became discouraged and hesitant when these problems arose. These are the reasons why many co-op units collapsed.

The party committee and the administrative committee of Champassak Province summarized that the people still have confidence in the party leadership and still have a heritage of solidarity in helping each other in ["farming by means of neighborly assistance"]. Therefore, bringing the farmers into collective production is not a problem. It is after they have been trained

and mobilized to join agricultural co-ops that production must be organized according to a plan, and they must be helped to make a new start and to gradually raise their standard of living as compared to the time before they had joined the co-op. They must also be helped to [outproduce] those who still engage in private production. Learning from these experiences, Champassak Province has set up a plan that emphasizes training alongside with improvement, and the development of a pattern for living and management that is consistent with conditions. Part of the plan is also to increase the capability of each region. Therefore, agricultural co-op conversion since 1981 has been steadily and extensively expanding. This has become a mainstay for the local agricultural base.

We [know] there are some [knotty problems] concerning the work for Champassak Province. First of all, the Champassak Provincial Party Committee has correctly assessed the ideology of the farmers who have always believed in the party leadership and who want to follow the path of socialist collective living set by the party. They used to have a heritage of mutual assistance. Therefore, no level of the administrative committee in Champassak Province is discouraged from extensively organizing agricultural co-ops. However, what should be of concern in organizing agricultural co-ops is, first of all, that there be good guidance and management cadres, and that there be a thorough study in order to set the direction for correct living according to the special circumstances and actual conditions in each area.

After learning from the co-op units that remained stable, organizing them as experimental models in each district, and training many hundreds of cadres, in late 1981 and all of 1982 Champassak Province decided to revive the abolished co-ops and to add them in places where it was possible. This raised the number of agricultural co-ops to 428 units. It can be said that since then Champassak Province has never been discouraged by any difficulties or obstacles. They analyze the problems correctly, resolutely improve their weak points, and make determined preparations. As a result they were able to quickly and effectively promote the process which has steadily expanded in terms of both quality and quantity. In 1983 the number of agricultural co-ops increased to 483 units, 618 units in 1984, and over 700 units in 1985.

The problem that Champassak Province has been paying special attention to is to help the co-op units to be able to set the direction of production correctly, and to ensure that the demand for production and the standard of living of the co-op members is better than for private farmers. With this end in mind it can be said that Champassak Province has had many creative ideas. First of all, it does not go after modern machines but instead focuses on the actual production situation in each locality and on the actual ability of cadres in each area for proper organizing. Along with the co-op units with a perfect organizational structure there are also many main production units organized as labor exchange units and solidarity units. However, the province considers the solidarity and labor exchange units as a necessary form, and that its No 1 duty is to quickly establish a management pattern in order to set up permanent co-op units.

In organizing to make a living, the agricultural co-op units have focused attention on and modified the problem of organizing the forms of the labor force, gradually carrying out contracting from a low to a high [level] from mixed-job contracting to a contract for total intensive agriculture in a specific area based on the expected figures assigned to the members. For example, the coffee-growing co-op unit in Phou Oi, Pak Song, carried out a contract system from planting to taking care of the plants and ensuring correct planting techniques, planting seasons and cultivating. There was a commendation system for those who did very well, and fines for those who did not meet the expected figures with no reason given. In order to improve the work management and organizational ability, the province has been paying the utmost attention to training and upgrading cadres in many ways for different agricultural co-op units, e.g., training in the districts, the province, and the center. However, what they have been focusing on most and carrying out continually is constructing and upgrading them right where they are by means of short training courses, organizing field trips, and sharing experiences between co-op units. Champassak Province has had 10,000 [instances] of organizing to upgrade cadres, and after the agricultural co-op conversion they summarized that there were 29 outstanding co-ops throughout the province.

The basic problem determining agricultural co-op conversion in Champassak Province is that they closely combine constructing and upgrading with the required productivity, knowing the direction of constructing and improving the co-ops to serve production, and encouraging and expanding production to improve the agricultural co-ops.

The agricultural co-op units in Khong District put their efforts into intensive agriculture. They used intensive agriculture and the construction of a material and technical base as the theme for implementing by the board of directors and the production groups. Even though the district cultivation area has the lowest quality in comparison with other districts, they were able to gradually raise the production capacity. It has become an outstanding district for rice production throughout the province.

Besides the work of the co-op units as a whole, another outstanding problem of agricultural co-op conversion which is being addressed by Champassak Province is the attention which is being given to the family economy of the members. The agricultural co-ops have encouraged and created the possibility for family members to do family gardening and animal raising in order to increase the members' income.

Each district has carefully developed a model location to use in learning guidance so that it will be consistent with each area. When the model location was being developed the province primarily used the farmers' labor force. Aid from the government was also an important factor.

The steady expansion and strengthening of agricultural co-op conversion is so that they will become a mainstay for expanding agricultural production as indicated in the party plenum. Champassak Province is continuing to work on improving and eliminating the weaknesses that still remain in the [conversion]

process, for example, the quality of the agricultural co-ops. Of 537 co-op units analyzed and assessed in 1984, only 194 units were in the good and medium-grade category. Generally speaking, there are also weaknesses in management level, there are too few material and technical bases, managerial and technical cadres are not adequate for the demands, and experience in distribution and allocation on the average still relies heavily on the labor during workdays.

Champassak Province is now struggling to keep the co-op units from getting weaker and to upgrade the mid-level agricultural co-ops to the good category and to make the good category into a model category. It is also striving to expand in likely places where there are as yet no co-op units.

9884

CSO: 4206/149

COLUMN WARNS AGAINST ANTI-REGIME FESTIVALS

Vientiane VIENTIANE MAI in Lao 27, 28 May 85

["Conversation with the Editor" Column: "Problems with Different Celebrations"]

[27 May 85 p 2]

[Excerpts] [Question] Dear VIENTIANE MAI editor. We are people in Ban Sianggneun, Vientiane Capital. We would like you to discuss what we feel is a social problem and one that needs to be dealt with immediately. The problem is what is the proper thing to do during celebrations, especially in Vientiane Capital? We are hardworking people who need time to rest, which we can do only at night so that we will be able to work the next day. Tomorrow is not an official holiday, yet across from us and around us there are celebrations to raise income continuing noisily until late at night with foreign music. Please advise us as to how we should react to this problem. From what we understand the Party Central Committee often spoke about this and has often reminded us to use our nation's fine art as a way to train the new socialist man. However, some sections continue to stubbornly use art and literature for their small profits without thinking of the great harm it causes, e.g.:

-it bothers other people; they do not think of the rights and interests of the working people who live nearby, and they do not realize that tomorrow is still a workday for government employees;

-it is careless propaganda of the wrong capitalist literature;

-it trains reckless youth who are our nation's forces and who still have young and brilliant minds to become involved with bottles and glasses without considering the monetary value, the future, or their education, except having fun and mistaking schooldays for holidays.

We think celebrations with a joyous atmosphere should be done according to certain rules. They should be on Saturday evening or, in special cases, Friday evening would be appropriate. Therefore, please give us your views on this matter and help us to solve it. We would like to thank you very much in advance.

[28 May 85 pp 2,4]

[Excerpt] [Answer] VIENTIANE MAI has discussed in print in this column and others many times the problem you have brought up. It is possible that you did not see it, or that you did see it but did not remember it. Various celebrations, especially traditional celebrations, weddings, house celebrations, etc. may be carried out by the sections concerned in Vientiane Capital according to our fine Lao customs since ancient times. The do's and don't's have also been clearly stated as follows.

Buddhist celebrations are permitted according to custom, but the following must be absolutely avoided:

- using Buddhist celebrations to disseminate the old, bad superstitious [nonsense], and rotten art and culture;

- using celebrations for individual income;

- using a celebration as a rally to incite against and slander the new regime and also to distort the policies of the party and government.

The celebrations must be carried out in such a way as to not use too much time (they should not last longer than 24 hours), to save labor, and to promote our nation's fine culture. They should be 100 percent safe, and they should allow the people to carry them out according to our fine customs so as to promote our new scientific and advanced culture. They should be thrifty and not extravagant or noisy, and there should be no gambling, no social danger, etc.

Actually there are more do's and don't's which we have printed many times. We believe that the local administrative committees grasp them very well. All these are restrictions set by the government.

As for ways to carry out festivals that you mentioned, we would like to discuss the following. The section concerned which is the cultural section and the order of the party committee and the administrative committee of Vientiane Capital have stated that "all amateur performing arts units whether musical bands, dance, or movie units must first submit their plans and programs for the approval of the section concerned before performing."

"No performing arts, dance, or movie units can perform without approval."

"Any songs, dances, or music which are against the new regime are banned. Only those songs and dances which have been approved may be performed before the masses."

"Absolutely no art or cultural units may perform without approval."

"Local administrative committees have the right to inspect permits and also to work together with the sections concerned."



"Administrative committees must work in cooperation with the local authorities. They have the right to order a performing arts unit to close down or to stop their performance when they find that the performance is not in accordance with either the program or with progressive scientific ideas."

"The administrative committees have the right to train any performing arts units that are not performing properly, and to report them to the work organizations concerned which have the right to order their permits to be withdrawn and stop the performance. etc., according to whatever is appropriate."

All these are techniques that everyone has the right to carry out correctly and properly as befits the owners of the country.

We have discussed only a small part here. Thus, you should study this further and do as we mentioned in order to continue to promote our nation's fine culture and art. Thank you.

9884

CSO: 4206/163

28 August 1985

LAOS

## BRIEFS

CHAMPASSAK-NGIA BINH TRADE AGREEMENT (KPL)--A ceremony was held on 5 July in the Champassak Province Industrial Goods Distribution Company to sign a memorandum on the exchange of goods between the Industrial Goods Distribution Company in Champassak Province and the Import and Export Company in Ngia Binh Province in the SRV. The memorandum states that both sides will review their past trade and will work together to continue to fulfill the next level in the deep and fraternal friendship of the two countries which benefit from it. [Text] [Vientiane KHAOSAN PATHET LAO in Lao 13 Jul 85 p A3] 9884

GDR-AIDED COFFEE PLANTATION (KPL)--Receiving aid from the government of the GDR, in 1984 and 1985 the workers in various production divisions under the coffee and tea project in Champassak Province have carefully carried out a successful plan for growing coffee beans on over 110 hectares on the Bolovens Plateau. In April alone the youth of Champassak Province completed over 20 hectares of growing coffee beans on contract in Etou Canton, Pak Song District. The Champassak Province coffee and tea project started in 1983 and is responsible for taking care of and for growing over 600,000 hectares of coffee beans on the Bolovens Plateau. The coffee and tea project now has many important bases, e.g., a mid-size coffee mill and more than 20 bulldozers, scrapers, and hauling trucks. There are also stores, restaurants, and a tailoring shop to steadily raise the standard of living for the workers and to ensure success in carrying out the specialized tasks. [Text] [Vientiane KHAOSAN PATHET LAO in Lao 4 Jun 85 p A1] 9884

KHAMMOUAN, SARAVANE WOOD PRODUCTION (KPL)--Since January 1985 the cadres and workers at the Km 2 Sawmill in Saravane Province and the Km 1 Sawmill in Khammouan Province have all been working hard to carry out their year plan for this coming 10th anniversary of National Day on 2 December. The workers of the Km 2 Sawmill in Saravane have been able to produce over 600 cubic meters of all types of wood valued at over two million kip. In 1984 alone the workers at the Km 1 Sawmill in Khammouan Province were able to produce 1,179 cubic meters of logs and 522 cubic meters of all types of lumber valued at over 2,800,300 kip. [Excerpt] [Vientiane KHAOSAN PATHET LAO in Lao 30 May 85 p A5] 9884

CHAMPASSAK BANK DEPOSITS (KPL)--Since the beginning of January the people of ethnic groups in many localities in Champassak Province, e.g., the Lao Unified Buddhists Association and the teachers in the educational section in Khong District, and the people of ethnic groups in the canton and district of Pakse, Champassak Province, have gradually been depositing their savings in the district bank branch totalling 1,250,350 kip. [Excerpts] [Vientiane KHAOSAN PATHET LAO in Lao 27 May 85 p A 7] 9884

DISTRICT RICE PRICE STABILITY--From 1983 to September 1984 the rice purchase and exchange unit in Nasaithong District was able to collect and exchange a total of 2,531 tons of rice valued at 9,786 kip, and from October 1984 to April 1985 the total was 2,357 tons. The total value was 23,218,400 kip. The foodstuffs company in this district is now in the position of being a driving force in purchasing and exchanging rice with the people. They also protect and guide the private merchants to maintain stable and normal prices for goods, and most of all to stabilize the price of rice in the district and in the state organizations. [Excerpts] [Vientiane VIENTIANE MAI in Lao 6 Jun 85 pp 1,4] 9884

VIENTIANE MASS ORGANIZATION MEMBERSHIP--The federation of Lao women's associations in Phon Hong District, Vientiane Province, held courses to improve the Lao Women's Association at the canton level throughout Phon Hong District. Previously there were only 40 members of the Lao women's association. Now it has increased to 330 members. [Excerpts] [Vientiane VIENTIANE MAI in Lao 6 Jun 85 pp 1,4] 9884

HANOI-VIENTIANE ROAD CONSTRUCTION--On the evening of 12 July in Dao Vieng Restaurant in Vientiane Capital the Communications, Transportation, Post, and Base Construction Section in Vientiane Capital held an official ceremony to sign a memorandum of cooperation on the design and survey of Vientiane road between the two communications, transportation, post, and base construction sections of Vientiane Capital and Hanoi. Mr Phomma Signanon, assistant chief of the Communications, Transportation, Post, and Base Construction Section of Vientiane Capital and Mr Mai Dac Huot, assistant chief of the Federation of the Construction and Communications Company No 8 of the Ministry of Communications and Transportation of the SRV signed the memorandum in the presence of Dr Siho Bannavong, vice chairman of the Vientiane Capital Administrative Committee, Mr Nguyen Dinh Hiep who represented the party committee, the Hanoi Capital Administrative Committee in Vientiane Capital, and members of the party committees, the administrative committees, and the cadres concerned in both work sections. In the memorandum both sides unanimously agreed on assigning the contract for the design and survey of the road construction plan in Vientiane Capital, which is approximately 9 km from the People's Supreme Council to Km 9 on the Dong Dok-Vientiane route. Both sides agreed that the survey and design is to start on 1 July 1985 and go to 1 October 1985. The total cost for the survey and design is calculated to be 3,400 kip. [Text] [VIENTIANE MAI in Lao 15 Jul 85 pp 1,4] 9884

FRENCH FILM WEEK--VIENTIANE, JULY 13 (KPL)--The Lao Ministry of Culture and the French Embassy to Laos, jointly launched on July 12 a French film week on the occasion of the French National day. The film week was officially launched here with the screening of the film "The newly married of the year II" at the national theatre hall. Among those present at the opening ceremony were Somsy Desakhamphou, Vice-Minister of Culture and a large number of Lao senior officials. The French Ambassador to Laos, Marc Manguy and representatives of the diplomatic corps and International Organisations to Laos were also on hand. [Text] [Vientiane KPL NEWS BULLETIN in English 13 Jul 85 p 2]

CHAMPASSAK HOSPITAL DEVELOPMENT--For the purpose of greatly expanding public health, throughout Champassak Province there are now 10 district hospitals in 10 districts, 54 canton hospitals, and 76 village hospitals. As compared with 1983 this is an increase by 1 canton hospital and 36 village and agricultural co-op level hospitals, and an increase in the number of patient beds by 24.68 percent. In the first 6-month period of 1985 the training of medical cadres in this region was gradually expanded and improved. In 1984 there were 10 high-level, 108 mid-level, and 474 basic-level medical cadres and 692 medical cadres in the villages and agricultural co-op units. In comparison with the figures for 1983, there was an increase of 24.58 percent in the number of mid-level medical cadres, and a 60.38 percent increase in the number of village and agricultural co-op unit medical cadres. Also, housing construction is being continuously carried out according to plan. The provincial hospital buildings are 90 percent complete, the manufacturing factory is 18 percent complete, the basic-level medical school is 30 percent complete, the Bachiang Chaleunsouk District hospital is 75 percent complete, and repairs of wells and underground water wells in the people's production base have been completed by 78 percent of the year's plan. [Text] [Vientiane PASASON in Lao 25 Jun 85 pp 1, 4] 9884

CSO: 4206/149

MALAYSIA

# ANTI-COMMUNIST OPERATION DESCRIBED

Kuala Lumpur NEW STRAITS TIMES in English 18 Jun 85 p 12

[Text]

"I'M LIKE the boy of Amsterdam who found a leak in the dyke and plugged his finger into it." That is how Kol Zulkifli bin Abdul Hamid describes his role as commander of Task Force 083.

It is a very important command covering the "Operation Kota" region in Upper Perak. It covers an area bigger than Malacca and shares 170km of the border with Thailand.

It acts as a security bulwark against Communist terrorists who are poised in the Betong salient across the border to infiltrate into the country.

Facing the troops under Kol Zulkifli's command are about 2,000 terrorists from elements of the 10th and 12th Regiments of the Communist Party of Malaya (CPM) and the Communist Party of Malaysia (CPMAL) — a recent merger between the CPM-Marxist-Leninist and the Revolutionary Faction (RF).

The largely jungle area along the border has been a regular infiltration route of the terrorists. Since last year, Kol Zulkifli has plugged some "leaks" along the border.

"Our troops have done a great job of breaking up a number of attempts by groups of about 20 to 30 terrorists to sneak in. We have no concrete information to act on infiltrations except our sixth sense. Therefore, the morale of the troops is a vital factor for success," said the colonel.

He believes that the line of defence along the border has been very successful against terrorist infiltrations.

The troops have been strategically located on high ground overlooking possible ambush positions and infiltration routes at the Kroh-Baling road, Kroh-Betong road and other areas along the border.

"Our presence in the Belum area has also cut off the terrorists' second corridor of infiltration.

The last known infiltration was in 1983 when about 50 terrorists slipped in."

He said the CPM's 10th Regiment was continuing to harass the troops in the Belum area to find weaknesses in the line of defence.

The terrorists have also been harassing the troops and residents by planting booby traps, which are being continuously unearthed.

As most of the outposts are in remote jungle, troops from various regular battalions are rotated on two-month tours of duty.

The troops guarding the East-West Highway and Temenggor Dam also act as a second line of defence against terrorist infiltrations.

The dam and highway are being guarded by mobilised personnel of the Reserve Force's Battalions 303 and 304. Many of these farmers-turned-soldiers have been on duty there since 1975.

Apart from manning the defence line, the troops also participate in co-ordinated operations with their Thai counterparts at least once a month along the border.

The terrorists in the Betong salient suffered a temporary setback recently when Thai security forces uncovered eight of their camps.

On the Malaysian side of the border, the terrorists have been hard hit by the continuous actions of the security forces and are therefore avoiding contact. The successes of the troops are beginning to bear fruit as indicated by the lack of sightings of terrorists in the Perak jungles.

The last exchange of fire in the border area was on April 23 when troops foiled a bid by a group of about 20 terrorists to cross the border.

There are only an estimated 50 terrorists still operating deep in the jungles in the State, which was once described by top security officials as "in the forefront" of the country's fight against the Communist insurgency.

## Projects

Although the situation has improved tremendously and some of the half dozen roadblocks along the main road from Lenggong to Kroh have been removed, troops are still on guard against the terrorists. Partial curfews are being observed in certain areas.

Development in towns like Grik and Kroh is beginning to pick up. The Government is implementing a number of Kesban (development and security) projects within the 25-km zone from the border to uplift the socio-economic standard of the people and win their hearts and minds.

MALAYSIA

COMMUNISTS TARGET ABORIGINES

Kuala Lumpur NEW STRAITS TIMES in English 7 Jul 85 p 2

[Article by Rosli Zakaria]

[Text]

KUALA LUMPUR, Tues. — Communist influence and dadah abuse can hinder Government efforts to upgrade the standard of living of the Orang Asli, Deputy Home Affairs Minister Radzi Sheikh Ahmad said today.

"The Orang Asli living in the interior are exposed to such influences. Although they are made aware of the dangers through various educational and informative programmes, we must not allow them to succumb to these elements.

"Efforts to prevent the Orang Asli from succumbing to Communist propaganda must be stepped up so that they will be more receptive to changes brought about by the Government through the Department of Orang Asli (DOA)," he said after visiting the DOA headquarters at the 11th kilometre, Jalan Gombak, near here.

Encik Radzi said the Orang Asli in the security forces had played a positive and effective role in combating the bad influences.

"Two Field Force battalions called Senoi Pra'aq based in Tapah and Kroh have worked hand-in-hand with the se-

curity forces in battling the Communists."

However, Encik Radzi said, those staying in the interior, especially in the Pahang and Perak jungles, were more susceptible to Communist influence and Communist sympathisers who wanted food and medical supplies from them.

He said more than 1,200 officials of the DOA were involved in providing information on the Government's progress so that they (the Orang Asli) would not be misled into believing that the country has forgotten them.

## Projects

Encik Radzi also said that dadah was a potential problem among the 62,000 Orang Asli living in the jungles of Peninsular Malaysia.

"So far dadah has not been used as a weapon by the Communists to trap the Orang Asli. But once it is used it will become a big problem for the Government. It is even more difficult to track addicts and traffickers in the jungle," he added.

The Government would carry out more development projects for the Orang Asli, such as building schools and houses.

Successful projects for them included co-operative grocery stores, a handicraft centre and fish farming.

"The Orang Asli are now more receptive to changes and they believe in the Government," he said.

The DOA headquarters provides clinics, medical research and training facilities and schools for the Orang Asli.

CSO: 4200/1316



MALAYSIA

NEW CHINESE POLITICAL PARTY PLANNED

Kuala Lumpur NEW STRAITS TIMES in English 20 Jun 85 pp 1, 2

[Article by Kong Chun Meng]

[Text]

KUALA LUMPUR, Wed. — The formation of a new political party, to be called the Malaysian Chinese Unity Movement (MCUM), is being studied by a group consisting mainly of professionals.

A working committee, chaired by lawyer Mr Arthur Lee, has been set up to draft the constitution of the new party. The convenors are expected to apply for registration as soon as the party constitution is ready.

Mr Lee, a former MCA member who was among the group of more than 1,000 professionals from Johore which initiated the referendum movement on the MCA crisis late last year, said today that the first project of the MCUM would be to study the causes of disunity in the Chinese community.

In a telephone interview from Johore Baru this morning, Mr Lee called on the Chinese to give their support and encouragement to the new party.

"We can't sit back and do nothing because the pride and dignity of the community and nation is at stake.

"Although we are attracting qualified people to join the party, we are

organising it as a grass-root movement basically for the participation of self-made men who care for the community and the nation.

"We will only field candidates in the general election if we have the correct people," Mr Lee said.

Mr Lee said that the group hoped to have at least 1,000 members in the near future. He declined to disclose the number of people who have shown interest in the new party but said that it was "definitely more than 100".

"Before we proceeded with the formation of the new party, we put up an advertisement to get the people's response.

### Objectives

"We then invited those who had responded to a seminar to determine whether there was a need for a movement whose objective was to foster, promote and maintain Chinese unity as a means to national unity.

"We are convinced that national unity is a key factor for a better future for all Malaysians and if any community is not united then there is no national unity.

"The new party will also foster, promote and maintain the pride and

dignity of the Malaysian Chinese.

"It will also strive to uphold, safeguard and defend the Malaysian sovereignty and constitution, parliamentary democracy and also the legitimate rights of all Malaysians.

"MCUM will function as a political party. We will be concerned with what is happening. We will be constructive in our criticism and will also offer alternatives.

"The seven-member working committee is now more than half way through in drafting the new party's constitution. We will be meeting soon to vet the draft.

"Our next step, after the constitution is ready, is to form a pro-tem committee and to apply for registration as a political party."

In the referendum on the MCA crisis carried out last year, Mr Lee said more than 98 per cent of those who responded rejected the MCA leadership under the faction of acting party president Datuk Dr Neo Yee Pan.

"Right through the (referendum) campaign last year, our group stressed on unity. We cannot wait for the MCA to finish its crisis which does not seem to be ending at all. However, I do pray that they will end it soon," Mr Lee said.

CSO: 4200/1315

MALAYSIA

## CHINESE LEADERS URGE RE-THINK ON NEW PARTY

Kuala Lumpur NEW STRAITS TIMES in English 22 Jun 85 p 5

[Text]

KUALA LUMPUR, Fri. — The convenors of the proposed political party — the Malaysian Chinese Unity Movement (MCUM) — have been urged to think twice about their objectives and motives.

Chinese community leaders who made this call also said that the MCA should be given a last chance to redeem its credibility.

The formation of the new party is now being studied by a seven-member working committee led by lawyer Arthur Lee, who was among the group of more than 1,000 professionals in Johore who conducted a referendum on the MCA crisis late last year.

Mr Lee had said on Wednesday that the MCUM constitution was being drafted and the convenors would apply for registration as soon as its constitution was ready.

Commenting on the move to set up the MCUM, the president of the Selangor Chinese Chamber of Commerce, Datuk Wong Tok Chai, said that the Chinese community must consider carefully the consequences of the move.

"Although the idea is likely to get widespread support because the people are already disillusioned with the MCA, it is wise to reflect on the many problems of setting up a new party first."

### Not opportunists

Datuk Wong said that it would be easier to bring about changes in the existing Chinese-based parties rather than set up a new organisation to replace them.

He added that setting up a new party might not be the best means to end dissension in the community.

"It will not be easy to start from scratch because of the large amount of financial and human resources required, especially when it comes to contesting in the general elections.

"The people are now tired of the MCA because of its unresolved crisis. However, because of the party's long history, it still has some potential — provided its leadership problems are settled," he said.

The president of the Penang Chinese Chamber of Commerce, Datuk Saw Hun Eng, said it was more appropriate to have a "pressure group" to help the community select the most effective party among the existing ones than to have a new party.

"We must strive to bring about changes in the Chinese guilds and associations first before going about setting up a new party," he said.

The president of the United Chinese School Teachers' Association, Mr Sim Moh Yue, said that the plan to set up the new party was worthy of support, provided the convenors were genuinely interested in serving the people and were not opportunists.

However, Mr Sim, who is a former MCA Youth leader, said it would be more appropriate to correct the weaknesses and mistakes of the existing parties rather than form a new one to compete with them.

"If the MCA's crisis is not settled satisfactorily, the party may disintegrate soon. Unless the existing parties have become hopeless, it would not be advisable to set up any new Chinese-based party because of the complex problems involved.

"If the existing parties want to correct their mistakes, they should do so immediately. It will be too late if they wait until the general election is around the corner."

The secretary-general of the Associated Chinese Chambers of Commerce and Industry, Malaysia, Mr Ngan Ching Wen, said that he considered it premature for the Chinese community to decide whether to give its support to the formation of the MCUM at this stage.

Mr Ngan said that the formation of more political parties might cause further dissension among the community.

"The conditions are not yet ripe to have a new party to replace the Gerakan and MCA."

CSO: 4200/1315

MALAYSIA

# SPLINTER PARTY FORMATION DEPLORED

Kuala Lumpur NEW STRAITS TIMES in English 22 Jun 58 p 5

[Text]

KUALA LUMPUR, Fri. — The formation of any new Chinese political party is not the solution to the current problems facing the MCA, the party's secretary-general Datuk Dr Tan Tiong Hong said here today.

He said that one should, therefore, not drag the MCA into the formation of any new party.

Datuk Dr Tan was commenting on reports of a move by a group of professionals to form a new political party, the Malaysian Chinese Unity Movement (MCUM), to cater to the Chinese community.

"Any type of splintering will only weaken a political party and I don't think the formation of the new party will solve the MCA's problems," Datuk Dr Tan said.

However, he said it

would be interesting to know what the new party stood for and what its objectives were.

"If people find the need for a new party, they can do it democratically.

"The political process is such that people will always want new solutions. The public will always want to find ways to express themselves," added Datuk Dr Tan, a Deputy Finance Minister.

## Democracy

However, he said, it was not fair for anyone to pass degrading comments on the formation of a new party, especially in a democratic country.

"Forming a new political party is one thing, but the acceptance of the party is another thing altogether.

"There are always new parties being formed before every election," Datuk Dr Tan added.

CSO: 4200/1315

MALAYSIA

NEW CHINESE PARTY WILL NOT DISBAND

Kuching SARAWAK TRIBUNE in English 5 Jul 85 p 2

[Text] JOHOR BAHRU (Bernama) — The convenors of the proposed political party, "Malaysian-Chinese Unity Movement" (MUM), have no intention of disbanding the movement despite strong criticisms from several sections of the community.

"The question of disbanding the movement does not arise at all. In fact we are forging ahead with the proposal to form this new party to bring in new values to the Chinese political arena," the leader of the proponents, Encik Arthur Lee Meng Kuang, said here yesterday.

"We will not bow to pressure and we will also issue a statement later to state our stand clearly that we are definitely not a splinter party of the MCA as some of its leaders have claimed," he said.

Encik Lee, a lawyer, told *Bernama* that the

seven-member working committee headed by him and which was set up to study the formation of the party had already finalized the first draft of the constitution.

"We are planning to hold an inaugural meeting sometime before mid-September this year to vet the draft," he added.

"Once the draft has been vetted, we will form a pro tem committee and then submit the draft as well as the application for registration as a political party," he said.

Encik Lee declined to say how many followers and supporters he had gathered so far, adding that "since we are indulging in politics we have to play a bit of politics."

But, he said, they would be "doing some groundwork" over the next two months which would include meeting potential followers. He himself had a meeting with some top executives in Kuala Lumpur.

He said the proponents target of the source of membership were those who strongly believed in the proposed party's convictions and who were still uncommitted to any party.

He said what they intended to do was to gather interested professionals, intellectuals or even the man-in-the-street who wished to contribute their services to help safeguard the interests of the Chinese.

Encik Lee also stressed: "We are not a splinter group as certain MCA leaders have accused us of as I myself who was with the MCA for nine years or so before my resignation last month did not have any following. Nor have I pinched any MCA members."

"It is not our intention to split the MCA or any other Chinese-based political party," he said.

Encik Lee also said "We will learn from the MCA's crisis in setting up the proposed party to foster, promote and maintain the pride and dignity of the Malaysian Chinese."

"We are of the conviction that national unity is a key factor for a better future for all Malaysians and if any community is itself not united then there is no national unity," he added.

On the draft constitution, Encik Lee said "Basically, our setup projects the importance of of the involvement of grassroot members in policy making."

There would be 10 members in the national council, with the President and other officials of the council to be nominated from the branch level to reflect the wishes of the grass root.

Encik Lee said the constitution would be as simple as possible, adding that while the MCA had over 180 articles in its constitution the proposed new party would only have 63.

CSO: 4200/1317

DAP TO LAUNCH CAMPAIGN AGAINST INJUSTICE OF NEP

Selangor KIN KWOK DAILY NEWS in Chinese 7 Jun 85 p 3

[Text] The Democratic Action Party [DAP] will launch a mass signature movement to protest against the injustice of the New Economic Policy [NEP]. The campaign will be launched in Setiaowan [phonetic] and thence to other places in Perak state.

Lim Kit Siang, secretary general of the party, yesterday appealed to the entire Malaysian people to pay attention and give support so the campaign can become nationwide and achieve results.

He pointed out that it is necessary for the people to inform the government to put the NEP to a stop, and that if the National Front coalition and its member parties are reluctant to halt the NEP injustices, the people should muster all their power to cast their secret votes against the government in the next general elections.

Mr Lim was delivering a speech at a Swettenham DAP division banquet yesterday.

Mr Lim pointed out in his speech that the main objective for the government to put the NEP into practice was to eradicate poverty and restructure society, irrespective of race, in order to achieve national unity.

"However, after 15 years of NEP implementation today, it is clear that we have not attained national unity; on the contrary, the NEP has become a divisive factor for ethnic polarization.

"In many fields, the NEP has been carried out arbitrarily, totally ignoring its professed guarantee of safeguarding the interests of the people"

Mr Lim cited the experience of the Wen Brothers who have been operating two gas stations for 60 years but now ordered to close their business, because the Perak government authorities have regained the land rights to be transferred to a bumiputra company.

"This definitely is a negation of the original meaning of the NEP. Unfortunately, leaders of the Malaysian Chinese Association [MCA] and the Malaysian People's Movement [GERAKAN] are either unwilling or unable to rectify this



NEP injustice, although both political parties scored brilliant victories at the 1982 general elections."

Mr Lim said that although the gas station incident was restricted to Setiaowan, yet, when an individual's basic political, economic, education and cultural, as well as religious, rights are tampered with, the entire people must unite and cry out in righteousness, otherwise we will lose our basic rights and interests forever.

He added that similar unfair phenomena have occurred in economic, banking, educational and other realms.

Mr Lim stressed: "It is high time for the people to speak out loudly and clearly, to let the National Front government and its member parties--no matter whether they are MCA, GERAKAN or MIC [Malaysian Indian Congress]--know that the people oppose NEP injustices. If the NEP is extended beyond the year 1990, the people's opposition is bound to become more intense."

9300

CSO: 4205/32

GERAKAN ON POSSIBLE WITHDRAWAL OF MICHAEL CHEN FROM PARTY

Selangor KIN KWOK DAILY NEWS in Chinese 7 Jun 85 p 2

[Excerpts] The central working committee of the Malaysian People's Movement

[GERAKAN], which is headed by Datuk Lim Keng Yaik, held two informal meetings last Saturday and Sunday and made several decisions on the possibility of a batch of party members, including Michael Chen Wing Sum, quitting the organization.

According to report, the attitude adopted by GERAKAN on the members' withdrawal affair is: "If you want to quit, go ahead. The party has made adequate preparations."

The GERAKAN will reportedly hold a central working committee conference next week to discuss the possibility of Michael Chen and his supporters quitting the party in order to join the Malaysian Chinese Association [MCA].

Datuk Michael Chen and his staunch followers have left the GERAKAN one after the other, mainly to pave the way for their return to the MCA, according to public speculation.

If Michael Chen has not quit by the time the GERAKAN's central working committee meets next week, Lim Keng Yaik or his proxy will ask Michael Chen to state his views clearly in black and white, the report concluded.

9300

CSO: 4205/32

## COMMENTARY VIEWS WITHDRAWAL OF PARTY MEMBERS FROM GERAKAN

Selangor KIN KWOK DAILY NEWS in Chinese 8 Jun 85 p 2

[Commentary: "Disturbances Over Withdrawal of GERAKAN Party Members"]

[Text] The successive withdrawal of several public figures from the GERAKAN early this month has aroused attention in the political circles. They included Ms Wee Ya Lan, national chairman of GERAKAN's Women Wing; Datuk Wee Cheng Huat, federal chairman of GERAKAN's division in Trengganu; and Wee Bo Som, federal chairman of GERAKAN's division in Kelantan.

Ordinarily, the withdrawal of a person from membership of a political party is a very common thing. But when a number of party members recently quit the GERAKAN party one after the other, this shows that there must be something unusual behind it, because those who withdrew are supporters of the Michael Chen clique who apparently intends to quit the party, too. When the GERAKAN held its party election last September, the Michael Chen clique and the Lim Keng Yaik clique had a bitter fight which was won by the Lim faction. As a consequence, both cliques have harbored grudges against each other, setting a time-bomb for the party.

Although, after the central committee reorganization, the victorious Lim Keng Yaik mercifully retained the leadership posts of Michael Chen's followers in various states, the latter felt that all this was merely a "show" to give a semblance of democracy. In fact, Michael Chen and his regional supporters believe that they have been muscled out and neglected by the GERAKAN party, particularly in the appointment of the party's deputy chairmanship.

Consequently, we can positively say that the disturbances of the withdrawal of GERAKAN members constitutes a trouble which has been brewing for quite some time. It is nothing to be surprised about.

According to report, the successive withdrawal of Michael Chen's followers was tacitly approved by the leader himself, and this has some connection with the widely-rumored possibility of Datuk Chen's return to the MCA fold.

As a matter of fact, after his defeat at the GERAKAN's central committee election, Datuk Chen contemplated of quitting the party to rejoin the MCA

which he regards as the most appropriate place to go. However, his scheme has been delayed by the on-going factional war within the MCA party.

Rumors are rife that Datuk Tan Tiong Hong, in his capacity of MCA general secretary, are planning to rope in both Datuk Michael Chen and Richard Ho. In spite of Datuk Chen's denial, the possibility of these two personages returning to the MCA still exists under the prevailing situation, as both of them still have supporters there. This force will carry certain impact on the coming MCA central committee election.

Furthermore, Michael Chen has no way to put his political thinking to good use, if he stays on with the GERAKAN. With the imminent approach of the general elections, it is highly doubtful that he will be nominated as a GERAKAN candidate.

Anyway, if Michael Chen should quit the GERAKAN, this party is likely to feel the impact of his withdrawal, and a split within the party would be detrimental in light of the approach of the general elections.

Originally, the GERAKAN [Malaysian People's Movement] was a regional political organization, but in recent years it has developed into a nationwide party. Its membership has grown from tens of thousands to 140,000 today. Therefore, the party is best described as being in a developing stage. If an internal dissension should arise, its development would be adversely affected. Consequently, GERAKAN leaders should attach great importance to the disturbances caused by the withdrawal of its members and avert the situation from getting more serious.

9300

CSO: 4205/32

MAHATHIR NOT INVOLVED IN APPOINTMENT OF MCA OFFICIAL

Selangor KIN KWOK DAILY NEWS in Chinese 9 Jun 85 p 2

[Text] Prime Minister Datuk Sri Dr Mahathir has never been involved in the appointment of an official of the Malaysian Chinese Association [MCA], whether it be at the central or state government level.

This remark was made by Dr Mahathir's political secretary, Mohd. Nor, who added that the prime minister has never expressed opinion or persuasion concerning appointments of officers for the MCA, either.

He said that the MCA has the full right to make any appointment without the prime minister's interference. He was speaking on behalf and in the name of Dr Mahathir.

Earlier, certain MCA officers reportedly issued a statement saying that Prime Minister Dr Mahathir has already approved the appointment of MCA Secretary General Datuk Dr Tan Tiong Hong as the new chairman of MCA's combined committee for Kedah state.

The moment Datuk Tan's new appointment was announced on 21 May, replacing Datuk Oo Gin Sun, a "partisan war" within the MCA broke out in Kedah state.

Several Kedah MCA factions, particularly the Tan Koon Swan clique, refused to recognize the appointment and continued to support Datuk Oo Gin Sun as their leader.

Datuk Tan explained that he took up the Kedah MCA chairmanship on a temporary basis, mainly to resolve the problem concerning the appointment of a senator for Kedah state.

Another report said that another opposition faction led by Ma Wan Seck, deputy chairman of the Kedah MCA joint committee, will send a delegation to call on the prime minister.

The latest development indicates that supporters of Datuk Oo Gin Sun on 3 June held an emergency meeting and adopted two resolutions, including the dispatch of a delegation to meet with the prime minister to find out whether or not Dr Mahathir has approved Datuk Dr Tan Tiong Hong's new appointment.

MALAYSIA

# LIM KENG YAIK THREATENS TO WITHDRAW FROM MCA-GERAKAN JOINT COUNCIL

Selangor KIN KWOK DAILY NEWS in Chinese 8 Jun 85 p 14

[Text] Datuk Dr Lim Keng Yaik, president of the Malaysian People's Movement [GERAKAN], said at his party headquarters today that if he discovers evidence proving that the withdrawal from the party membership of Datuk Wee Cheng Huat (chairman of Trengganu state GERAKAN), Wee Bok Seng and Ms Wee Ya Lan (national chairman of the GERAKAN Women's Wing) was instigated by leaders of the Malaysian Chinese Association [MCA], he will reexamine the MCA-GERAKAN Joint Council and, if necessary, withdraw from it.

Datuk Lim pointed out that if the MCA leaders are still unable to solve their internal dissension, why do they want to open up a new "battlefront?" he warned them not to "fish in troubled waters."

He added that the GERAKAN is closely watching the development of the situation and at the same time carrying out a national reorganization to consolidate its strength. "Our party is stable."

Datuk Lim said it is a political error for the above-mentioned party officers to quit. Although the party central committee has not received their resignation applications, it has sent them a letter criticizing their withdrawal intention which they announced at a press conference. If they do not give a reply in 2 weeks, they will be automatically regarded as having quit the party.

Datuk Lim divulged that the party central committee will hold a meeting on the 22d or 23d of this month to deliberate on the matter, including the election of their successors.

Commenting on the statement made by Datuk Michael Chen the other day, Datuk Lim said the public should respect Datuk Michael Chen's stand.

In addition, the GERAKAN Women's Wing also held an emergency meeting today to discuss the problem of its reorganization.

9300  
CSO: 4205/32

## NEW ERA DAWNS IN CHINA TRADE

Kuala Lumpur BUSINESS TIMES in English 5 Jul 85 p 1

[Article by Sharif Haron]

[Text]

A NEW era in trade relations with China will begin next week when a Malaysian company signs agreements with Chinese authorities to manufacture mattresses in Shanghai and Tienjin.

The agreements are the result of efforts undertaken by Dreamland Spring Sdn Bhd during an investment mission to China late last year, led by Deputy Trade and Industry Minister Datuk Oo Gin Sun.

The joint ventures signal a refreshing, new spirit of entrepreneurship by Malaysian businessmen and an exciting development in bilateral trade relations, Datuk Oo told a news conference in Kuala Lumpur yesterday.

Under the agreements, the Malaysian company will hold 40 per cent of the equity in the two manufacturing operations with the Chinese partners holding the remaining 60 per cent.

The first factory, with total investment of \$2 million, will be set up in Tienjin, about 100 km north of Beijing, and is expected to start production by the end of the year. It will be capable of producing 30,000 mattresses a year.

The second will go up in Shanghai in the mid-

dle of next year. Investment and production capacity will be about the same as for the first factory. The factories will employ about 40 workers each.

Dreamland's joint partners are Shanghai Dong Foa Sofa Factory, Shanghai Investment Corporation and the Shanghai Furniture Company, all government agencies.

A team of six from Hanco Holdings Bhd, Dreamland's parent company, led by group chairman Tunku Abdul Rahman Tunku Ahmad, will leave for China on July 10 for the signing ceremony. The agreement is for a 10-year manufacturing operation.

While in China, the team will finalise the factory layout plans and construction details.

Datuk Oo said another very encouraging aspect of the joint venture agreements was that they would provide an opportunity for Malaysian rubberised coir fibre to be used in the factories. Under the terms of the agreements, the coir fibre were to be imported from Malaysia.

Tunku Abdul Rahman said the management was confident of every success for the manufacturing ventures.

## SHIPPING AGREEMENT WITH SRI LANKA

Kuala Lumpur **BUSINES TIMES** in English 18 Jun 85 p 1

[Article by Azam Aris]

[Text]

MALAYSIA and Sri Lanka have signed a maritime agreement to encourage bilateral trade based on the most-favoured nation treatment for each other's ships.

Transport Minister Tan Sri Chong Hong Nyan, who witnessed the signing ceremony in Kuala Lumpur yesterday, said the agreement was the right step toward increasing direct shipping between both countries.

He said both Malaysia and Sri Lanka shared a common desire to develop their own shipping capacity and get a fair share in

the transportation of their national cargoes.

"This maritime agreement recognises the shipping interest of both countries. Malaysia and Sri Lanka could save a lot of money by trading with their own ships," he said.

Datuk Ishak Tadin, the secretary-general of the Transport Ministry, signed the agreement for Malaysia. Sri Lanka was represented by its High Commissioner in Kuala Lumpur, Mr Anandd Senviratne.

Speaking to reporters after the signing ceremony, Datuk Ishak said the agreement was

signed to pave the way for the implementation of the Unctad Code of Conduct for Liner Conferences which encourages the sharing of cargo between importing and exporting countries.

The maritime agreement permits Malaysia and Sri Lanka to 40 per cent share of the freight that is imported and exported between the two countries. The remaining 20 per cent is offered to cross traders.

Two-way trade between both countries in 1982 amounted to \$172.4 million, while for the first eight months of

1983, two-way trade amounted to \$76.8 million.

Sri Lanka's main imports from Malaysia are plywood, sawn timber, palm oil and petroleum.

Malaysia has signed maritime agreements with four other countries, namely Indonesia, Bangladesh, Turkey and the Belgo-Luxembourg Economic Union.

Malaysia is negotiating similar agreements with South Korea and China. According to Datuk Ishak, an agreement with South Korea is expected to be signed soon.

CSO: 4200/1315



BANKING SYSTEM SOUND: FINANCE MINISTER

Kuala Lumpur BUSINESS TIMES in English 18 Jun 85 p 1

[Text]

FINANCE Minister Daim Zainuddin reiterated yesterday that the banking system in Malaysia is sound and there should not be any cause for a bank run.

The assurance was issued following a run on the two branches of the Public Bank in Ipoh on the back of rumours that the Public Bank was involved with the Overseas Trust Bank of Hong Kong.

Although the bank run was only confined to Ipoh, the rumour apparently caused some panic selling on the ever-sensitive Kuala Lumpur Stock Exchange where more than 600,000 Public Bank shares were sold three cents down to \$1.49.

Encik Daim said people should not react to rumours. In Malaysia, banks have guidelines to follow and their activities are monitored.

He said he received

weekly report on the activities of banks and the last report submitted on Friday did not show anything unusual.

He said Bank Negara also gave him a daily report.

"Our system is sound and there should not be any cause for a bank run," he added.

Public Bank senior general manager Ms Patricia Teoh told *Bernama Economic Service* the bank has nothing to do with the Overseas Trust Bank of Hong Kong.

"The Public Bank, its directors and its major shareholders had no link direct or indirect with OTB, its subsidiaries or related companies," she said.

While dismissing the rumour as baseless, Ms Teoh assured customers that the Public Bank was one of the most liquid banks in the industry and

it has adequate funds to meet their withdrawals.

She said the two Ipoh branches have been instructed to extend their office hours to allow customers to withdraw their deposits.

She said the Public Bank had made withdrawals from its accounts with Bank Negara to meet the sudden cash demand as its branches normally did not carry high cash balances in their premises.

She declined to reveal the sum involved in the withdrawals.

Ms Teoh said Public Bank's total fixed deposit as of June 13 stood at \$2.624 billion compared with \$2.561 billion the previous day while total deposits including NCDs (negotiable certificates of deposits) amounted to \$3.419 billion against \$3.356 billion the previous day.

Loans amounted to

\$2.295 billion, giving the bank a loans to deposits ratio of 67.14 per cent compared with an average of 90 per cent in the banking industry.

A reliable banking source said Public Bank is one of the strongest banks in the industry.

He said Public Bank is a net lender on the inter-bank market and that it has a lot of liquid funds.

Ms Teoh said she had no idea how the rumour came about nor why the run was confined to Ipoh. She said the bank's customers in Ipoh comprise mainly of small and medium depositors.

"Thus it may appear there has been a fantastic withdrawal because of the number of people there at the branches," she said.

Public Bank's 28 other branches are unaffected by the run in Ipoh.

CSO: 4200/1315

## NEP STRATEGIES EVEN AFTER 1990

Kuala Lumpur BUSINESS TIMES in English 13 Jul 85 p 1

[Article by Hardev Kaur]

[Text]

THE government is determined to achieve the aims of the New Economic Policy (NEP) — eradicating poverty and restructuring society. In view of this, the strategies used will continue to be part of the government's development programmes despite the 1990 deadline.

Deputy Prime Minister Datuk Musa Hitam said yesterday that "arithmetically, the NEP target will not be achieved by 1990." He pointed out that when the policy was formulated in 1970, an underlying assumption was that it would be attained within the context of an "expanding cake."

The economy was then forecast to grow at between 7 and 8 per cent. However, with the recession and the economic slowdown, the rate of growth for next year has been forecast at 5.6 per cent.

In a briefing to foreign journalists, he added that something had to be done to achieve the original

objectives. "We recognise the need to formulate something to attain the targets but what it is has not been decided yet."

Asked whether the government would lower the NEP targets so that they could be achieved within the stipulated time frame, Datuk Musa said that was one possibility.

But various options are being looked into and meetings with the Prime Minister, himself and senior officials are held each week, Datuk Musa added.

He said any change to the policy would be discussed and looked at critically first before its implementation.

The government was also in "the last lap" of formulating the Fifth Malaysia Plan (1986-1990).

During the three-hour briefing, Datuk Musa said the government had a target to make the country the largest producer of quality rubber. Malaysia is already the largest producer of na-

tural rubber in the world. It accounts for 37 per cent of the total natural rubber produced.

He pointed out that smallholders, especially the rubber smallholders, who represented one of the largest poverty groups in the country were being encouraged to improve productivity and efficiency as well as to diversify their sources of income.

He said government's efforts to diversify the economy had been quite successful. Instead of being just a producer of tin and natural rubber, Malaysia is today the world's largest producer of palm oil as well. "Give us another few years and we will be the world's largest producer of cocoa as well," he added.

The diversification of the economic base has been pursued as the government believed in "not putting all its eggs in one basket."

Asked about the Bumi-putra Malaysia Finance loan scandal, Datuk

Musa said the government would ensure that "justice is done." He said there were differences of opinion as to how and when it could be done due to the intricacies involved.

He stressed that the crime was committed in Hong Kong and any prosecution would have to be done in the British colony. On its part, the Malaysian authorities would extend their fullest cooperation to ensure that justice was done.

Datuk Musa said the matter should be pursued in a serious manner, and "we can't submit to any political pressure and would like to see justice done."

On Malaysia-China relations, Datuk Musa said the government was becoming more liberal in approving applications by businessmen wanting to go to China. He disclosed that over the past year, some 1,000 applications for travel to China were approved.

VOMP VIEWS AIRLINE NEGOTIATIONS WITH UNITED KINGDOM

BK011227 (Clandestine) Voice of the People of Malaysia in Malay 1230 GMT 30 Jul 85

/New Report: "Deadlocked Negotiations Between the Malaysian Airline System and British Airways"

/Text/ The fifth round of negotiations between the Malaysian Airline System /MAS and British Airways on MAS' additional flights from Kuala Lumpur to London, held at the end of May this year, was again deadlocked. One and one-half years ago, MAS requested an increase of flights for its Kuala Lumpur-London route from four to five times a week based on a growing number of passengers. However, this request was not granted by British Airways. The situation deteriorated when the issue was prolonged, while strained relations between the Kuala Lumpur Government and the British Conservative Party Government were exposed to the public.

During her visit to Malaysia in April this year, Mrs Thatcher held talks with Mahathir on the MAS request for additional flights to London. One of the objectives of Mrs Thatcher's visit to Malaysia was to improve bilateral relations in general as well as economic and trade ties in particular. The British prime minister, known thus far for her tough stand, was compelled to agree to the MAS proposal to increase its flights from Kuala Lumpur to London from four to five times a week within the coming 1 or 2 years. However, the number of passengers to be flown by MAS is still subject to further negotiations.

In return, the Kuala Lumpur Government will allow British Airways to fly to Kuala Lumpur from four to five times a week if British Airways makes a similar demand. When the leaders of the two countries reached an agreement on the issue, MAS came to the conclusion that the issue of additional flights to London had been settled. What had to be done was just to implement the agreement.

However, during the negotiations held in May this year, another disagreement arose between MAS and British Airways. The negotiations were held in an unpleasant atmosphere. During the May negotiations, MAS let its intention of starting its fifth flight to London in June next year be known because the Boeing 747 planes it had ordered would be delivered by that time. The additional flight will enable MAS to provide more service to a growing number of passengers in the summer. But British Airways insisted that the additional flight be started in April 1987, namely after the expiration of the 2-year /word indistinct contract. In addition, British Airways also stressed that should the

additional flight be started, the number of passengers MAS will be allowed to fly must not exceed 1,240 per week. MAS considered the British stand unreasonable because this number of passengers was no different from that flown by MAS now. This means that the increased cost of operation by MAS will be useless.

After a series of bargaining sessions, British Airways agreed to let MAS start its fifth flight to London in November next year, or 6 months earlier than it had proposed. It was ready to waive its maximum passenger quota on the condition that MAS pay it royalties. MAS was also allowed to operate on two other routes, namely the London-Kuala Lumpur-Bangkok route and the London-Kuala Lumpur-Abu Dhabi route. /passage indistinct/

MAS believes that any agreement will be meaningless if the number of passengers allowed to be flown remains unchanged at 1,240 per week. As such, the negotiations were then deadlocked and MAS was reluctant to continue the negotiations. After the negotiations, both MAS and British Airways accused each other of evading their responsibilities.

Why were the negotiations deadlocked? When analyzed thoroughly, the answer lies in the pursuit of profits by both airlines. An international airline is one of the most lucrative businesses and to reap more profit, airline companies from several countries have waged fierce competition among themselves.

Announcing the 1985 state budget in October 1984, Finance Minister Daim Zainuddin proposed a new measure to benefit MAS, namely that private companies would be allowed to enjoy /words indistinct/ privileges when their employees fly MAS. Feeling confident that it would have more passengers, MAS diligently exerted efforts to have an additional flight to London beginning June 1986.

According to sources from the airline business, MAS is expected to obtain additional revenue amounting to 10 million ringgit annually if it operates its fifth flight to London. Owing to the fact that there are only two airlines serving the Kuala Lumpur-London route, the additional revenue of one airline will certainly inflict a loss on the other. Under such circumstances, it is not surprising to see why British Airways did not show sincerity in its negotiations with MAS.

Even though Mrs Thatcher in principle agreed to the additional flight to London by MAS during her April visit to Malaysia, in reality she adopted a vague attitude. To begin with, she did not mention the MAS passenger quota on the pretext that it was hard to give an evaluation of the matter. At the same time, she maintained that the number of passengers MAS will be allowed to fly to London is still subject to further negotiations. This is one of the reasons why Britain continues to defend its tough stand during the negotiations.

MAS' assumption that the issue of an additional flight can be smoothly implemented based on Mrs Thatcher's approval can be likened to a person expecting reciprocal deeds which never come.

The Kuala Lumpur Government has now decided to hold talks with the British Government on the issue of an additional flight to London, agreed in principle by both countries. What will happen next? Let us open our eyes to monitor the development of the issue closely!

28 August 1985

MALAYSIA

## LIM KIT SIANG REEMPHASIZES IMPACT OF ILLEGAL IMMIGRANTS ON SOCIETY

Selangor KIN KWOK DAILY NEWS in Chinese 7 Jun 85 p.3

[Text] Lim Kit Siang, leader of the opposition and concurrently secretary general of the Democratic Action Party [DAP], today called on Datuk Musa Hitam, deputy prime minister and concurrently minister of home affairs, to pay attention to the problem of illegal immigrants from Indonesia and other countries, handle it as a true Malaysian should and set up a commission of inquiry comprising various political parties.

He said that apart from creating social unrest, these illegal immigrants will become a threat to the rights of Malaysian citizens in the future.

Lim Kit Siang was making a speech at the opening ceremony of a new DAP division at Sengkang, Malacca this afternoon.

He said that according to a foreign news agency report, the Indonesian foreign minister told the Indonesian Parliament that 500,000 Indonesians are living in Malaysia, many of whom are illegal immigrants. The DAP was shocked by this information.

Lim continued that illegal immigrants constitute a serious problem to Malaysia and that the Malaysian authorities have never investigated about their accurate total number. In his opinion, the figure given by the Indonesian foreign minister was too low.

He pointed out that last March the DAP brought up this problem before Parliament and asked the government to give an accounting for the people, but the deputy home minister merely indicated that some 1,700 illegal immigrants had been rounded up and deported. When Mr Lim wanted to pursue the matter further by making oral interpellations, he was held back, whereupon he left the session as a sign of protest.

Lim Kit Siang stressed: "If we add up all the illegal immigrants we have here, including Philippine refugees and Burmese Muslims, the total will reach 1 million, which is not a small figure, considering the fact that Malaysia has a population of 15 million only. Their presence is a major threat to our country's economy, social stability, civic rights and future on a short- medium- and long-term basis.

"Consequently, the authorities must make an in-depth, overall investigation of Indonesian illegal immigrants, Philippine refugees and the problems they bring along, before they affect the future of Malaysian citizens."

He maintained that the authorities should also find out why Indonesian illegal immigrants and Philippine refugees can obtain their blue cards so easily, and some of them even acquire the right to vote within a matter of months.

Lim Kit Siang urged Datuk Musa Hitam to pay attention to the aforesaid problem and conduct an investigation.

9300

CSO: 4205/32

# PROTEST OVER MIGRANT CHRISTIAN WORKERS

Kuching SARAWAK TRIBUNE in English 4 Jul 85 p 1

[Text] KOTA KINABALU (Bernama)--The Saban Islamic Youth Association (BISA) has come out with a petition to the Prime Minister protesting against what it claimed to be an organized influx of Christian workers from Indonesia into Sabah.

The President of the Association, Haji Abdul Malek Chua, in disclosing this to reporters here yesterday, said the Association was urging the Prime Minister to put a stop to the influx.

The petition to Datuk Seri Dr Mahathir Mohamad was being taken to Kuala Lumpur and was to be handed to the Prime Minister yesterday, Haji Abdul Malek said.

He said the petition was made based on reports from various sources including the Indonesian Consulate.

"The Parti Bersatu Sabah (PBS) government is organizing the influx of these workers and they also ensure that the workers are from Timor in Indonesia, (a predominantly Christian area)," he claimed.

Haji Abdul Malek said the intake of these workers was done legally but it appeared that the PBS government was taking measure to strengthen the position of Christians in Sabah.

"The Association is not against Christians but the State government should not be selective in bringing workers into the State as in the past, any worker could come in irrespective of religion," he said.

Sabah is dependent on foreign labour especially for the plantation industry and the traditional source of workers is Indonesia.

Haji Abdul Malek, a former Assistant Minister in the Berjaya government, said that it looked as if the PBS government received the support of the Vatican and the world Christian community in its actions.

The petition quoted reliable sources as saying that the PBS government would bring in 6,000 Christian workers monthly during the next two years.

It also said that the new State government would close down the existing transit centre in Tawau for Indonesian workers coming into Sabah.

Haji Abdul Malek, who is the Assemblyman for Kuamut, said that the State government's move was also against the PBS manifesto of providing employment to locals.

CSO: 4200/1317



MALAYSIA

DELIVERY OF NEW SHIPS FOR NAVY

Kuching SARAWAK TRIBUNE in English 1 Jul 85 p 2

[Text] KUALA LUMPUR (Bernama)--The Royal Malaysia Navy (RMN) will become more modernised and sophisticated when it takes delivery of a number of foreign-built vessels later this year.

In a special message on the occasion of the 33rd anniversary of the RMN, Chief of Navy Laksamana Madya Datuk Mohamed Zain Mohamed Salleh, said a number of offshore patrol vessels (OPV) being built in Korea would arrive in October while corvettes from Italy a month later.

Over the last 33 years the RMN has gradually built up its defence capability to help safeguard the nation's sovereignty and maritime interests, Laksamana Madya Datuk Mohamed Zain said.

This year the RMN would concentrate on consolidating itself by developing new strategies, upgrading the quality of mana-

gement and its administration, he said.

Towards this end, the Navy Chief urged his men to step up their efficiency.

They should concentrate on training aspects and in this respect make use of equipment that was now available.

Datuk Mohamed Zain said the form and quality of training for naval personnel was at present satisfactory.

From the consolidation aspect of the navy, he hoped the men would aspire towards achieving higher moral and spiritual values and be physically alert to face any eventuality.

Each naval unit should develop its strategy and set its objective, he said.

Modern and sophisticated weapons were only one of the requirements to achieve success in warfare, he said.

"The most important factor was the people who handle and operate the weapons," he said.

Referring to dadah abuse, Datuk Mohamed Zain said the navy would assist the government in its efforts to wipe out the menace.

CSO: 4200/1317

MALAYSIA

## FIRST SHIPMENT OF REFRIGERATED LPG

Kuching SARAWAK TRIBUNE in English 4 Jul 85 p 2

[Text]

**KERTIH (Bernama)**  
— Malaysia yesterday exported for the first time liquefied petroleum gas (LPG) in refrigerated form to three companies in Japan.

Petronas chairman Raja Tan Sri Mohar Raja Badiozaman, speaking at the launching of the commodity, said the shipment of 33,000 tonnes of LPG was made from the Petronas-owned LPG storage and export terminal at Tanjung Sulong here by a special refrigerated tanker, "Gas Rising Sun", belonging to a Japanese gas company.

He said Nippon Petroleum Gas Company would receive 15,000 tonnes of the cargo. Daikyo Oil Company 10,000 tonnes and Taiyo Oil Company 8,000 tonnes.

About six or seven shipments of LPG in refrigerated form would be transported to Japan annually he added.

He said it was an important milestone in the development of the petroleum industry in the country as it marked the commence-

ment of operation of the LPG storage and export terminal and the first stage of the Peninsula's gas utilisation (PGU) project.

Stage one comprised a gas processing plant to produce dry gas for fuel and industrial feedstock. From the plant a pipeline had been laid to deliver gas to industrial consumers and to some 1,200 households here.

Raja Tan Sri Mohar said that under the second stage of the PGU project, which was expected to be completed in 1989, the gas processing plant would be expanded and a pipeline would be constructed across the Peninsula to the west coast.

He said some of the gas would be piped to Singapore via Johor Baharu and added that negotiations with the Singapore Government were underway.

Raja Tan Sri Mohar said under the third

stage, the pipeline would be extended northwards to Seberang Perai.

With the construction of the main trunk line, natural gas could be piped directly to houses and industries located along the pipeline route.

He said that although the availability of locally produced gas had placed Malaysia in a position to develop a petro-chemical industry, Petronas had to study and weigh carefully the benefits, constraints and risks involved as the industry required large capital investment.

He also assured the Japanese buy-

ers of a stable supply of clean, efficient and reliable form of energy and industry feedstock.

He added that Petronas had enjoyed long-standing relations with Japanese buyers since its formative years. Since then, Petronas had gained international recognition as a stable supplier of crude oil and petroleum products.

He also said that local people had been working either directly or as sub-contractors in all the contract packages of stage one of the PGU project.

He added that it had always been Petronas' policy to award as many contracts as possible to local people.

CSO: 4200/1317

MALAYSIA

## POLICE BEEF UP INTELLIGENCE NETWORK

Kuala Lumpur NEW STRAITS TIMES in English 28 Jun 85 p 7

[Text]

**JOHORE BARU, Thurs.** — The police are beefing up their intelligence network to combat drug smuggling into the country more effectively, Deputy Inspector-General of Police Datuk Abdul Rahman Ismail said today.

He said only with a good intelligence network would the police be able to successfully intercept any kind of drug trafficking in whatever mode into the country.

He pointed out that a good intelligence network was now even more vital as drug smugglers were becoming "more sophisticated."

As a first step, Datuk Rahman said, the CID headquarters had es-

tablished the CID narcotics nucleus secretariat based in Alor Star earlier this year to get intelligence from the Thai side.

This was due to the fact that the supply of the drugs came mainly from Thailand and the 'Golden Triangle'.

"The authorities have also erected a fence at the Malaysian-Thai border in addition to establishing an anti-drug smuggling unit comprising police, Customs and National Padi and Rice Authority officers at the border for the same purpose."

He said the authorities were embarking on a three-pronged approach in tackling the drug problem which he acknowledged was still serious in the country.

"We will continue firstly to cut off the supply of drugs into the country, secondly to reduce the number of drug dependants and thus the demand for drugs and thirdly step up enforcement, treatment, rehabilitation and education of our youth."

He added that as long as there was demand for the drugs, drug traffickers would continue to indulge in this lucrative trade.

Datuk Rahman hoped the law on the forfeiture of profits and proceeds derived from drug trafficking would be introduced as soon as possible.

The Deputy Inspector-General was here to open the two-day seventh CID Malaysia/Office of Narcotics Control Board (ONCB) Thailand meeting beginning today.

CSO: 4200/1315

PHILIPPINES

CARDINAL SIN SAYS U.S. MILITARY AID BOOSTS INSURGENCY

Melbourne THE AGE in English 21 Jun 85 p 8

[Article by Michael Richardson]

[Text] MANILA, 20 June--US military aid to the Philippines is likely to intensify communist-led insurgency and should be halted, claims the most senior member of the country's influential Roman Catholic Church.

Jaime Cardinal Sin, Archbishop of Manila, said American military aid should be converted to economic and humanitarian assistance to help alleviate mass poverty among the Philippines' 53 million people.

He said economic hardship and abuses against the civilian population by some members of President Marcos' administration and the armed forces were root causes of the worsening insurgency.

Cardinal Sin, 56, described the situation in the Philippines as "very, very negative at present. It is going from bad to worse." The country was in its deepest crisis since independence at the end of World War II, he claimed.

He said leaders of the Catholic Church, which claims the allegiance of more than 80 per cent of the population, had prepared a draft pastoral letter on the state of the nation. It would be submitted to a bishops' conference early next month before being read out in churches across the country.

The letter (the draft runs to more than 30 foolscap pages) would analyse the reasons for the Philippines' predicament and put forward solutions.

Cardinal Sin--a persistent and often outspoken critic of alleged government and military abuses, as well as revolutionary violence--stressed that the bishops would be "talking about this as pastors, not politicians.

"We would like to present (our analysis and proposals) to the people so they know the church is thinking of them. We do not fight for power. We are fighting for the people."

Answers

However observers believe that if the pastoral letter contains the kind of criticisms the cardinal has been making recently, it will be given a hostile

reception by the government and cause further tension between church and state.

Cardinal Sin said yesterday that President Marcos "got mad because I said (during a visit to the US last month) that he was not the only leader for the Philippines. There are many others. Why are they not leading? Because they are not allowed to lead."

In answers to questions at the national Press Club in Washington on 29 May, Cardinal Sin was quoted by Reuters as saying Mr Marcos should resign. He said that if President Marcos would not permit honest elections, "then communism will become continuously stronger, day after day, minute after minute.

"Because of the abuses of the present administration, communism is gaining ground and therefore we need a new face, a new leader."

The cardinal recalled yesterday that he had once told Mr Marcos: "I admire the Americans. They have an election and, immediately after it, they know the results. But in the Philippines we are even better. We know the results beforehand. He (Mr Marcos) did not like that one."

Cardinal Sin's public advocacy of a halt to US military aid to the Philippine --a step also demanded by some moderate opposition parties--is likely to cause consternation in US government circles.

Earlier this year, the Reagan administration asked congress to approve for next year \$A259 million in economic aid to the Philippines and \$A153 million in military assistance. The latter would more than double the equipment and training approved by congress for 1985.

Senior US officials have argued that if communism is to be defeated, America must provide substantial military as well as economic aid to the Philippines to encourage both the government and the armed forces to apply reforms.

The US assistant Secretary of State for East Asian and Pacific Affairs, Paul Wolfowitz, pointed out in February that, as a percentage of GNP, Philippine defence expenditures had dropped by almost 50 per cent to 1.1 per cent in the last two years. They were the lowest in South East Asia despite the growing threat of communist insurgency.

"Basic shortcomings in maintenance, logistics, transportation, communications and training can only be overcome through adequate levels of foreign assistance," he said.

But Mr Wolfowitz emphasised that the Reagan administration's military aid request for 1986 to the Philippines was "premised on the full expectation that the incipient reforms we have seen will continue and expand.

"First and foremost, this requires an end to military abuse against civilians, itself one of the most commonly-cited factors in explaining the alarming growth of the communist insurgency throughout the islands (of the Philippine archipelago)."

In a speech on 11 May, Cardinal Sin suggested that the military was deliberately playing up the communist threat to the Philippines to extract more military aid from America.

#### Conditions

He said this week that--in meetings with the US vice-President, Mr Bush, and other American officials last month--he had put forward a proposal that the US "not sent military aid but aid for nutrition" as well as attach reform conditions to assistance and loans to the Philippines.

He said he had urged the suspension of military aid when he met Mr Reagan in New York last September. But Mr Reagan was a tall man with a hearing aid "and I think his ears do not work very well."

He did not believe the Philippines was doomed to worsening conflict and a communist takeover. The country could still have a bright future. "Maybe this is a learning period so that later we will avoid mistakes."

CSO: 4200/1322

PHILIPPINES

MNLF REBEL CITES KHOMEYNI, AL-QADHADHAFI

Kuala Lumpur BUSINESS TIMES in English 4 Jul 85 p 19

[Article by Joel Paredes]

[Text]

FROM his jungle stronghold in the southern Philippine island of Mindanao, commander Narra Abdul Jabbar vows to carry on the fight for a separate Muslim state despite leadership wrangles and government offensives.

The youthful Muslim rebel, speaking from his fortress in a jungle clearing just three hours from this Islamic city teeming with government troops, said his 14 years in the forefront of the Muslim struggle had strengthened his will to "liberate my people from oppression."

"In this land, we will die fighting," he vowed, as he gathered some 60 remnants of the separatist Moro National Liberation Front (MNLF) in the rugged mountain terrain, about 800 kilometres south of Manila.

Commander Narra, 31, has been the target of massive military operations in the mountains of Lanao del Sur, the Muslim-dominated central Mindanao province where MNLF rebels fled after their campaign was weakened by defections and factionalism in the late 1970s.

**Actor**

"I'm not discouraged about the situation. This is common to every revo-

lution ... only those whose (Islamic) ideology is weak are discouraged," he said recently.

Regarded by friends as an intellectual revolutionary, the charismatic commander admitted he had studied the Latin American revolutions although he was a follower of the Islamic revolutionary thoughts of Iran's Ayatollah Khomeini and Libyan leader Muammar Gaddafi.

But the tall, medium-built and bespectacled commander was surprisingly soft-spoken when he mingled with his men.

"Commander Narra may have the looks of an actor but he is deadly in battle," said a Libyan-trained aide who identified himself as Commander Andy.

True to his word, Commander Narra led a handful of MNLF rebels who faced military troops and bomber planes in the '76-day war," the government's major offensive on the rebels' stronghold in Lanao del Sur late last year.

Since then, the commander's men have looked up to him as "a living hero to the Muslim revolution." The government has branded him a "bandit."



## Factions

Conservative estimates put the death toll in the MNLF campaign at more than 60,000 civilians, rebels and soldiers.

Despite the MNLF's fragmented leadership, Commander Narra said they are now "stronger" than at the height of the Muslim rebellion in the mid-1970's because they are better armed. "This is the sweetest time" for an MNLF offensive if "only its major factions unite," he said.

At least three MNLF factions have emerged since Hashim Salamat, former MNLF vice chairman, broke with chairman Nur Misuari in 1978.

At a Press conference recently, leaders of the Salamat faction calling itself the Moro Islamic Liberation Front (MILF) called for a "holy war" to achieve Muslim autonomy, a departure from the MNLF goal of outright secession.

CSO: 4200/1322

PHILIPPINES

BACKGROUND, IMPLICATIONS OF BCC ENDORSEMENT

Kuala Lumpur BUSINESS TIMES in English 8 Jul 85 p 21

[Article by Teodoro Benigno]

[Text]

THE Philippine Catholic Church, once an ally of the rich and the mighty, now works in the countryside in a dramatic effort to wrest the initiative from the communists in championing the cause of the poor.

In seeking to transform the church's centuries-old image, many church authorities freely admit this could lead to open confrontation with the government with which they have "critically collaborated" for over a decade.

This spectacular swerve of the church became evident recently during a symposium on "Basic Christian Communities" (BCCs) conducted by the Bishops-Businessmen's Conference (BBC) whose most prominent member is Jaime Cardinal Sin.

### Guarded blessing

After the cardinal, long a critic of President Ferdinand Marcos, declared that the Philippines was "slowly bleeding to death," the assembled bishops and businessmen looked hard at the BCC and gave it their guarded blessing.

The blessing was significant since even Pope John Paul II, wary of the BCC's Socialist and even Marxist colouration, has yet to give its stamp of approval while conservative church authorities here think the BCC is "way, way out."

The blessing, say political analysts, was inevitable because of the following factors:

■ No less than 72 per cent of Filipino families are now living below the poverty threshold, a substantial number crowding Metro Manila. Of Manila's 7.5 million population, one-third are squatters living in squalid conditions.

■ Many young Filipino priests and nuns have cast their lot with the poor. Unless the church hierarchy abandons

its conservative position, the risk is that its young militants may eventually link up with the communists. A few already say the Philippines being the only Christian nation in Asia, the hierarchy, possibly with Vatican assent, has to project a new image to head off the steadily mounting communist New People's Army (NPA) insurgency.

■ The church policy of "critical collaboration" with the 20-year-old authoritarian regime of President Marcos has hit the rocks with the military now accused of liquidating and arresting more "subversive" priests and nuns.

Bishop Federico Escaler, a prominent church theologian, however, said a number of ultra-conservative bishops are still holding out and they had to be won over to the cause of the BCC if the church was to win the countryside battle against the communists.

All told, there are 19 archbishops and 86 bishops in the Philippines, 5,179 priests (3,117 diocesan and 2,062 religious) and 5,344 religious sisters, according to the records of the Catholic Bishops Conference of the Philippines.

This shortage of priests, one for every 10,000 Filipino Catholics, has partly led to the proliferation of the BCCs whose lay members not only administer many church sacraments but engage in "liberational work."

It is this "liberational" dimension, say experts, that had earlier frightened off the majority of the church hierarchy and drawn the ire of the military because of alleged "similarities" with the social and economic goals of the NPA.

A substantial number of an estimated 3,000 BCCs in the Philippines now reportedly practice the "theology of liberation" that was given substance by the 1968 conference of Latin American Bishops in Medellin, Colombia.

## Pure form

In its pure form, the theology advocates a "social revolution" with economic, social and political liberation to be "undertaken by the oppressed people themselves" against an "unfair and oppressive" capitalist regime.

The organisers of the recent symposium, among them prominent Filipino businessmen, while skirting detailed discussion on this theology, agreed the "pyramidal" church here had to be turned upside down in favour of the poor.

Just how far their guarded approval of the BCCs would go remains to be seen but the pull factor was evident as some businessmen admitted they would have to sacrifice a substantial part of their income to help the poor.

They expressed apprehension that the NPA, whose armed guerillas are now estimated at between 12,000 and 15,000, would intensify "infiltration" of the BCCs and manipulate them.

Analysts conclude the church here is out to prevent the Philippines from becoming another Nicaragua, where the Sandinista rebels dampened down their Marxist-Leninist ideology and took over power in 1979 with church support.

CSO: 4200/1322

THAILAND

COUNCIL OKAYS MORE TIES WITH ITALY, HUNGARY

Bangkok THE NATION in English 16 Jul 85 p 17

[Text]

THE COUNCIL of Economic Ministers yesterday approved a number of plans for the improvement of trade relations with Italy and Hungary, and other measures arising out of the foreign minister's visit to those two countries in May.

- The ministries of commerce and agriculture are to prepare a list of agricultural, pharmaceutical and textile products which Thailand will offer for sale to the Food and Agriculture Organization (FAO) and the World Food Programme (WFP) for use by refugees and to aid other countries.

- The Technical Cooperation Department is also to prepare technical aid that Thailand will offer through the FAO.

- The Ministry of Communications is to follow up progress in the Italian proposal for electrification of the railway between Bangkok and Chiang Mai.

- The Ministry of Industry and the Board of Investment (BoI) are to prepare documents in Italian and Hungarian for distribution by the Tourism Authority of Thailand and THAI International.

- The ministries of foreign affairs and commerce, the National Economic and Social Development Board and the BoI are to prepare for the September visit by the Hungarian foreign trade minister.

ACM Siddhi Savetsila told the meeting that while he was in Italy, his Italian counterpart described to the Thai delegation the regulations that affected import of goods by Italy, such as those for frozen seafood. He said that the Italians showed an interest in purchasing Thai tapioca in excess of the EEC quotas for resale to other developing countries.

He was told that Italians were interested in investing in Thailand. And the Managing Director of the WFP told the Thai delegation that the WFP would continue to assist the work of relief organizations on the Thai border in order to lessen the burden on Thailand.

ACM Siddhi said that while he was in Hungary the Hungarians had said that they were not interested in barter trade. But Hungary

would look to purchase more goods from Thailand, and as well as the Hungarian minister of foreign trade's visit to Thailand, there was a suggestion that Thai businessmen and women visit Hungary.

While he was there, a protocol was signed for scientific and technical cooperation between the two countries.

It also approved a proposal by the Foreign Ministry for Thailand to join the International Centre for Settlement of Investment Disputes (ICSID).

The Foreign Ministry on June 3 was instructed to study the pros and cons of joining the ICSID.

CSO: 4200/1309

THAILAND

## EDITORIAL VOICES CONCERN OVER PHILIPPINE DETERIORATION

Bangkok THE NATION in English 16 Jul 85 p 4

[Editorial]

[Text]

**P**HILIPPINES Defence Minister Juan Ponce Enrile has unleashed a vicious attack against the US Congress for tinkering with the US aid pledges saying that if the US does not follow the commitments in the 1983 treaty, the Americans can pull out of the bases in the Philippines. Such tough talk seems quite unnecessary against the House of Representatives want to reduce \$15 million in military aid but add the same amount to economic aid. Obviously there are other problems between the two countries which have angered Enrile.

Normally ASEAN countries do not speak about the internal problems of one of its members but Deputy Army Chief-of-Staff Chaovalit Yongchaiyuth chose to mention last week the increasing communist insurgency in the Philippines. He pointed out that 17 of Philippines' 19 provinces have been infiltrated by communist insurgents. There have also been several reports which have suggested that this is one of the chief problems which worried the Americans who are exerting various kinds of pressure to defuse the mounting insurgency.

The military wing of the Philippines communists, the

New People's Army, has been steadily gaining in strength and its members last year even took part in anti-government demonstrations in Manila. However, President Ferdinand Marcos does not seem to see that confidence in his government is steadily waning in that country and some drastic changes are necessary if the Philippines is to improve her economy and reduce the level of insurgency. According to the government the insurgents control about four per cent of the 40,000-odd villages in the Philippines while the Americans estimate is 20 per cent.

There is also some sort of mistaken apathy about the insurgency because both the government and anti-communist leaders seem to think that if the insurgency becomes uncontrollable, the US will come to their aid and wipe out the rebels. Enrile himself said in May that "if the circumstances change" the Philippines may invoke its mutual defence treaty with the US and call for US troops. At this moment it is impossible to think that US troops would be sent to the Philippines under any circumstances because the "Vietnam syndrome" has not evaporated yet and the US

Congress will never permit such a move.

It is true that the Clark Air Force Base and the Subic Bay Naval Base are highly important to the US — they are the largest US military complex outside that country — as well as to the non-communist countries of East Asia. But there seem to have been moves for some years — all of them flatly denied by Washington — to find alternate locations in the Marianas, part of Micronesia. But that is perhaps the bottom line and we do not think it likely.

In addition to all this the Aquino trial is going on with former armed forces chief, Fabian Ver, as one of the accused. It is possible that the military personnel who are accused of plotting and assassinating Sen Benigno Aquino may be found not guilty and that will again create utter confusion in Manila not to speak of the rest of the Philippines. Almost everybody agreed that Marcos has to leave but there is no viable opposition that can replace the present government. There are several other alternatives but most of them are unpalatable. Only one thing appears certain and that is Philippines cannot continue to go on in her present state.

CSO: 4200/1309

THAILAND

VOFA VIEWS VIETNAM'S POLICY OF ANNEXING CAMBODIA

BK020607 Bangkok Voice of Free Asia in Cambodian 1300 GMT 31 Jul 85

/"Article": "A Plan of the Vietnamese To Swallow Cambodian Territory"/

/Text/ Dear listeners, since it sent its troops to occupy Cambodian territory, Vietnam has planned to swallow Cambodia by sending its nationals to settle in a number of regions, such as areas of Svay Rieng Province, Prey Veng Province, Phnom Penh, and the western bank of the Tonle Sap Lake. The Vietnamese have done so because they realize that Cambodia is rich in natural resources.

The Vietnamese have sent their nationals to settle in Cambodia under the pretext that they had been residents of Cambodia in the past and they are wives and children of Vietnamese troops. This pretext has been used to avoid upsetting the Cambodian people. This plan being carried by the Vietnamese has serious consequences. It is a scheme legally to obtain the Cambodian people's natural resources. There are between 300,000 and 500,000 Vietnamese settlers in Cambodia, not counting Vietnamese troops.

After sending their nationals to settle peacefully in Cambodia territory, the Vietnamese have implemented their plan to swallow Cambodian territory and to wipe the Cambodian race off the face of the earth. They have forced Cambodian inhabitants to work very hard in a number of dangerous areas. Concurrently, they have forced Cambodian people to settle in strategic hamlets. Vietnam's plan to swallow Cambodian territory was clearly reported and indicated by Dr So Sarin--a 49-year-old Cambodian physician who fled to Dangrek refugee camp in Prachinburi Province. He said that, after studying medical science from 1969 to 1974, he worked as a surgeon at the Cambodian-Soviet Friendship Hospital in Phnom Penh. In 1979, he worked at the Health Ministry and was appointed deputy director of a hospital. Although he held a high position, he could not enjoy a better living than the Cambodian people in general. He earned a monthly salary 600-700 riel, which was not enough for the needs of his wife and six children. His life was difficult because goods sold at the markets are expensive, a result of shop owners having to pay a monthly tax of 100-300 riel--about 90-300 baht /figures as heard/--to the Heng Samrin puppet regime, which is Vietnam's subservient lackey. Moreover, this tax has been increased every 3 months, making merchants and buyers face many more difficulties. Those who are subservient lackeys of the Vietnamese enjoy a better life with plenty of food and money because of their oppression of innocent



people and abuse of power. Dr So Srin said that doctors at hospitals in Phnom Penh want to flee Phnom Penh because the Cambodian people have clearly realized that the Vietnamese aim to eliminate the Cambodian people and put Cambodian territory under Vietnamese issued orders to all provincial committees asking the committees of the districts, communes and villages to mobilize Cambodian males ages 18 to 45. If any locality cannot find enough male workers as determined by the provincial committee, female workers must be mobilized. Most of the Cambodian inhabitants who were mobilized in 1985 were those living in the provinces adjacent to the border. They were forced to build and repair roads from Kompong Thom Province to Preah Vihear Province. These roads are supply lines for transporting foodstuffs and weapons to Vietnamese and Heng Samrin puppet troops.

The Vietnamese plan to settle Cambodian people living in the border region permanently. They have ordered the gathering of Cambodian families in Preah Vihear Province and a number of other provinces adjacent to the border for settlement along the roads that have already been repaired. They have ordered these people to defend these regions. Furthermore, these Cambodians have been armed and have fulfilled their duty as militiamen, part of the forces on the border. The Vietnamese have done this so that their troops can peacefully remain in areas deep inside Cambodia. The Vietnamese want the Cambodian people to die in their place and suffer famine and malaria.

Dr So Sarin added that he realized that between 25,000 and 30,000 Cambodians from each province were forced to settle in the border areas in conformity with Vietnam's plan. Last April, Hun Sen issued an order titled S-85 asking Cambodians who were not conscripted to work to attend military training to fight Vietnam's enemies--the forces of Democratic Kampuchea, who are their own compatriots. Directors of six hospitals in Phnom Penh were ordered to send medical teams to care for the conscripted workers along the Thai-Cambodian border. The Cambodian-Soviet Friendship Hospital had already sent four medical teams, comprising 20 nurses and doctors. Each team had to fulfill its duty for a period of 3 months. The medical teams that returned from their stint with the workers were suffering from malaria and jaundice, which cannot be completely cured. Many of these medical personnel could not work efficiently, although there is already a shortage of doctors in Phnom Penh.

Since Vietnam's occupation of Cambodia, the Cambodian people have not been able to earn a living peacefully. They have been forced to leave their villages and work for the Vietnamese and the Heng Samrin puppets in accordance with Vietnam's plan to swallow Cambodian territory. Such Vietnamese acts have clearly shown that the Vietnamese have no goodwill to build peace and prosperity in Indochina.

CSO: 4212/94

THAILAND

ECONOMIC SQUEEZE, BUSINESS DETERIORATION SEEN

Bangkok THE NATION in English 1 Jul 85 pp 1, 2

[Text]

SEVERAL official and unofficial forecasts at the mid-year point predict "more of the same" of business doldrums with investments growing at a slow rate while certain economic sectors might be hard hit to the point of near-collapse.

The overall projection of the country's economy appears to be a not very pleasant one and the earlier expectations that the second half of the year beginning today will see improvement compared to the first six months have somewhat dimmed with the recent tax package promulgated in April.

A report issued by the Industrial Finance Corporation of Thailand, representing a moderate tone, says that the second half of the year will witness more or less similar economic conditions as that in the first half, with economic growth averaging about 5% to 5.5% instead of the country's average 6% in the past few years.

Investment prospects remain sluggish due to a series of fiscal, tax and credit tightening as well as budgetary constraints. It has been estimated that the overall growth in investment for 1985 will be about 1.2% compared to last year's 1.4%.

ADJUSTMENT

But there is good news in the area of consumer price index which is expected to rise by about 5%, below the originally estimated figure. One reason, according to IFCT's analysis, is that some businesses were forced to cut down prices to spur sales which had been affected by business doldrums.

Trade deficit is also expected to improve slightly. The whole year's deficit will come down from 70,000 million last year to about 50,000 million baht. At the same time, with businessmen having adjusted to the new foreign exchange system and with the forward cover rate climbing down to a more stable level, bankers expect a higher degree of foreign capital inflow, helping to improve the picture of the balance of payments for this year.

Liquidity will remain high during the next six months of the year, with

interest rates expected to come down gradually as the central bank and commercial banks try to strike a compromise on how, not whether, to bring down interest rates further to spur investments.

One report suggested that more bankruptcies had been registered with the Commerce Ministry in the first five months — and the growth rate of such business collapses might be about 30% compared to that during the same period last year. But observers doubted that all the 760 companies which registered for bankruptcies during the first five months were all "genuine cases of business failures." It was pointed out that a number of them could well be cases of tax evasion although it is difficult to draw the line between the two.

Despite assurances from the Bank of Thailand, businessmen have pointed to the high number of "bounced cheques"

as an indication of bad business atmosphere and most traders will agree with such a "rule of thumb."

While government leaders and senior technocrats working on the "macro" policies related to fiscal and monetary policies see the deteriorating businesses in certain sectors as part of the "necessary painful adjustments" to direct the economy along the proper line through some sacrifices, businessmen and traders have pointed to the adverse consequences which may eventually hit the country's overall, economy hard.

Certain sectors have already felt the squeeze. The electrical products makers say as many as 2,000 workers may soon be laid off in the industry since sale volume has dropped by about 40% in the first five months of this year due to the series of government's tax and monetary measures. The matter is being taken up by the Electrical Industry Branch of the Association of Thai Industries while the pharmaceutical industry has also reported some harsh consequences, with production capacities being cut down and sales dipping to a worrisome degree.

The tax package has sent several business sectors scurrying for shelter and the liquor as well as beer producers have come up with some shocking figures — sales dropping anywhere between 30-70% as a result of the steep increases. Pleas for relaxation from the major beer and liquor producers to the government have yet to be heeded and the Finance Ministry is not expected to take corrective actions in this regard.

Exports of major commodities have picked up in volume but due to depressed world prices, the actual value increase has been far from significant, prompting authorities concerned to keep a close watch on the situation in the next six months.

Sugar exports, for example, have touched the lowest level and frantic efforts are being launched to salvage the situation. Canned pineapple, another major export item, appears more promising this year with a possible high growth rate. Exports of marine foods, too, have reached a new peak this year and should offset the negative trend in other fields. But the construction area is probably the hardest hit with the government's zero-based budget and general slump in private investments in this field in the wake of a glut in office and residential buildings.

Sales of cars have dropped as a result of the tax increases but may pick up gradually towards the end of the year. The textile industry, at the same time, has become the "odd man out" by registering a striking performance although the export prospects have been affected by protectionistic policies abroad, the most controversial being the countervailing duties imposed by Washington.

All in all, the second half of 1985 beginning today will still come under the much-heralded "adjustment" period, the general business scene may have to get

worse before it gets better. But most businessmen appear determined to brave through the hurdles, hoping that there is "light at the other end of the tunnel."

## PROXIMITY TALKS

CGDK agreed to the proposal because, in the final analysis, the Kampuchean issue is the Khmer resistance's problem," the sources said.

Malaysia proposed the idea of "proximity talks" between the Khmer resistance forces and the Vietnamese-backed Heng Samrin regime.

The senior officials will submit their recommendations during the upcoming ASEAN meeting for approval.

The ASEAN foreign ministers are expected to officially put forward the call for proximity talks at the Kuala Lumpur meeting if and after the CGDK leaders had endorsed it.

Siddhi also said that the Chinese promised to help ASEAN lobby for the support of CGDK in the forthcoming UN General Assembly in New York. The campaign is aimed at maintaining the vote at the UN for ASEAN-sponsored resolutions on Kampuchea during the assembly.

He added that China could lobby for the CGDK support in Latin America and Africa. Other issues discussed in the meeting included:

- Sino-Soviet normalization talks: Wu reaffirmed that the Sino-Soviet relationship could never be normalized unless Moscow agreed to remove three obstacles: the presence of massive Soviet troops along the Sino-Soviet frontier, the presence of Soviet troops in Afghanistan and the Soviet support for the Vietnamese occupation of Kampuchea. Wu also made it a point that the increase in trade volume and economic cooperation between the two countries had nothing to do with the question of normalization.

- The Korean Peninsula: Wu said China supported peaceful reunification of North Korea and South Korea for stability of the region. Thailand also shares the view but Bangkok prefers to stay aloof from the Korean conflict.

- Sino-Indonesian ties: Wu said China agreed with the Indonesian Foreign Minister Mochtar Kusumaatmadja that the relationship should be normalized step by step.

- On trade ties: Siddhi called upon the Chinese to help rectify the trade imbalance Thailand is having with China. The Chinese said that they agreed to stronger trade ties and suggested that Thai exporters could promote the sales of their goods by joining an international trade fair to be held here in September.

## MAE CHAMOY

Ang Thong, Ratchaburi, Nakhon Pathom, Ayudhya, and Nonthaburi.

Meanwhile, informed sources said

yesterday. that Mrs Nokkaew Chaiyuen, the operator of another major chit fund pool, is due to pay interests to her clients tomorrow.

The sources said the payment will be made available at the Saphan Mai and Don Muang branches of Bangkok Bank, Union Bank of Bangkok and Thai Farmers Bank.

They said many clients of her chit fund pool are expected to rush to the banks to cash the cheques issued by Nokkaew as interest payment.

Nokkaew remained elusive yesterday after police had issued a warrant for her arrest on fraud charges. She is accused of issuing dud cheques to her clients.

CSO: 4200/1309

THAILAND

# SOMMAI INTERVIEWED ON FISCAL, DEBT POLICY

Bangkok THE NATION in English 1 Jul 85 pp 19, 21

[Text]

**FINANCE MINISTER**  
Sommai Hoontrakool, in an exclusive interview with *The Nation*, insists that the government will slow down in new borrowings and the debt burden be adjusted through an "active debt management policy."

The minister, in his written responses to questions posed by this newspaper for "MONEY 1985" publication to mark the 14th anniversary of *The Nation*, stressed that there will be strict discipline in public sector borrowing as a whole. Saving will have to be increased and expenditure reduced. "We will have to cut imports which do not show clear benefits in terms of foreign exchange," he said.

Sommai said that the April 5 tax package was aimed at restructuring the export and related industries as well as to rationalize tax collection.

"Together with the Board of Investment, we also have plans to reconsider the promotional privileges given to investors. We want to arrive at a policy that is most suitable to the present circumstances. And when we set protective tariffs and import duties, we aim to conform with the investment promotion policy," the minister said.

On foreign debt management, he said: "We do not want our borrowings to be excessively in any one particular currency. There has to be an active and continuous debt management

policy with the principle aim of reducing the baht value of foreign debt, or at least, not to let the foreign debt be worth more in baht than at the time of the original borrowing."

Sommai also emphasized that it is the government policy to increase the involvement of the private sector by selling out loss-making state enterprises or making improvements in those which are inefficient. He referred to the establishment, at the prime minister's order, the National Public Enterprises Board on March 29 which was entrusted with wide-ranging responsibilities and duties.

"Asked about the future, Minister Sommai said he would like to see the basic policies directed towards economic stability but with well-being increasingly spread to the people.

"The economic system should be developed progressively and we should depend as much as possible on our own income and savings. In the next five years, I would expect international competitiveness and world economic turmoil to remain with us. The international economy is bound to have an influence on our economy, both at the government level and at the individual level," he said.

Thailand, he said, must build up an economy which carries the ability to function with security and flexibility as an open economy within the world system.

Here is the full text of the questions and answers with Minister Sommai:

**• WHAT ARE THE PROSPECTS FOR FISCAL POLICY THIS YEAR AND NEXT YEAR? CAN YOU ACHIEVE THE TARGETS IN REDUCING FOREIGN DEBT?**

In drawing up the 1986 budget the government wants to ensure that the growth of expenditure remains within the limits of our ability to collect revenue. This also means that any deficit must be kept down to amounts that the economy can handle. The objective is to maintain economic stability and at the same time letting the economy grow at a suitable rate.

In general we have designed fiscal policy so as to reduce imbalances in the economy. The plan is to lay the foundations for long-term, secure growth, which requires careful spending as well as a reduction in excessive expenditure by the public sector, particularly among public enterprises. Saving has to be encouraged so that there is less dependence on other countries, in order that our economy can face the intensifying competitiveness of the world market.

Regarding public debt, the Ministry of Finance is taking pains to make sure that domestic debt remains within the bounds set. There has to be a slow-down in new borrowing and the debt burden as a whole has to be adjusted to avoid the possibility of a large number of loans all having to be repaid at the same time.

In our handling of foreign debt, we have to be strict in limiting its growth. We should borrow exclusively for priority projects, and the priorities should be determined by necessity and the benefit that the projects can yield.

There will have to be strict discipline in public sector borrowing as a whole. Saving will have to be increased and expenditure reduced, and we will have to cut imports which do not show clear benefits in terms of foreign exchange.

By linking fiscal and monetary policy, the Ministry of Finance expects to be able to meet its targets, both for revenue collection and for the reduction of foreign debt.

**• WHAT IS THE POLICY TOWARDS DOMESTIC BORROWING?**

Domestic borrowing can be separated into two categories.

First, we borrow in order to cover budget deficits. Budget plans have to comply with the legal requirements to keep total borrowing within 20 per cent of the total annual budget (or the supplementary budget); or within 80 per cent of the portion of the budget set out for domestic and overseas debt repayments.

To this end, the government has restricted the budget deficit to 35,000 million baht or 3.5 per cent of GDP. And therefore, the trend is for this category of debt to be reduced gradually.

But there is still the problem of the money that we borrowed in previous years, also to cover budget deficits. These were in larger amounts and at higher rates of interest, with shorter maturity terms. We have prepared various means of lightening the burden in this respect, such as refinancing the debt and finding other ways of raising the money.

Secondly, there is the domestic borrowing of public enterprises. The enterprises needed to find supplementary baht funds for their various projects, instead of borrowing from abroad. From now on, there will have to be an increase in the accumulation of savings so that goods can be bought in the country. We are campaigning to get the public to buy goods *Made In Thailand*. This will help us to look after the balance of payments.

**• WHAT ABOUT THE USE OF GOVERNMENT BONDS?**

The Ministry of Finance is urgently examining new ways of promoting the sale of government bonds. For instance, ways of getting bonds to be traded more freely on the securities exchange, or ways of developing various institutions and organizations, so that we can have an efficient secondary market. There are still many avenues open for the promotion of the bond market.

**• TO WHAT EXTENT DOES THE MINISTRY OF FINANCE USE FISCAL POLICY TO BRING ABOUT INDUSTRIAL RESTRUCTURING?**

In the past, the Ministry has placed a lot of emphasis on this. Fiscal policy has been used to develop the economy under the first and second economic restructuring plans.

In particular, the measures introduced on April 5, the tax changes — import duties, domestic taxes and excise duties — these were intended to develop manufacturing in this country in sectors that are fundamentally suitable for the country; for instance, chemical products, machinery, and raw material and semi-manufactured products. The tax changes were intended to restructure the export and linked industries, as well as to rationalize tax collection.

Together with the Board of Investment, we also have plans to reconsider the promotional privileges given to investors. We want to arrive at a policy that is most suitable to the present circumstances. And when we set protective tariffs and import duties we aim to conform with the investment promotion policy.

**• HOW MUCH REFINANCING OF FOREIGN DEBT WILL THERE BE THIS YEAR AND NEXT YEAR?**

The refinancing that we are preparing at the moment is part of our regular readjustments in order to reduce the interest burden. We need to be consistent with the foreign exchange system and avoid having the burden falling heavily all at one go. We do not want our borrowings to be excessively in any one currency. There has to be an active and continuous debt management policy with the principle aim of reducing the baht value of foreign debt, or at least not to let the foreign debt be worth more in baht than at the time of the original borrowing.

This year, about US\$400 million has already been refinanced. Future refinancing depends on the market, and on our needs.

**• HOW FAR HAS THE POLICY OF IMPROVING PUBLIC ENTERPRISE EFFICIENCY BEEN IMPLEMENTED, AND**

**WHAT ARE THE AREAS WHICH REQUIRE MOST CHANGES?**

It is government policy to increase the involvement of the private sector by selling loss-making state enterprises, or making improvements in those enterprises which are inefficient. The Prime Minister appointed the National Public Enterprises Board on March 29, entrusting it with the following duties:

1. Monitoring the operations of the public enterprises so that they stick to their corporate plans and to government policy.

2. Giving advice on the enterprises' financial problems.

3. Giving advice on pricing policies, which have to be consistent with government policy.

4. Giving advice on the principles and methods of giving the private sector a share in the ownership of the enterprises.

5. Co-ordinating between the public enterprises and government agencies so that the operations of the enterprises can function well.

6. Giving advice on labour relations problems.

7. Taking other action as instructed by the Cabinet.

The Board meets once every month. As for the priorities, the enterprises have to try to be self-reliant and attain the management efficiencies of private enterprises.

**• SHOULD THERE BE AN OFFICE TO LOOK AFTER ALL THIS?**

There is probably no need at present, but in the future, if the Public Enterprises Board sees that there is a need, we can do so.

But it is very important that the government should take a close interest in the operations of its organizations. In the past, some enterprises have fulfilled their objectives well, but others have faced a number of internal and external difficulties.

For example, in corporate planning, management, personnel administration, finance, marketing and other areas. Although there are many agencies which are responsible for the public enterprises, they tend to concentrate on different aspects. This has made the overseeing of public enterprises

somewhat uncoordinated, without any emphasis on the general policies. This is why the Public Enterprises Board was set up.

**• HOW DO YOU VIEW FISCAL AND MONETARY POLICIES IN THE NEXT FIVE YEARS?**

I would like to see these policies directed towards economic stability but with well-being increasingly spread to the people. The economic system should be developed progressively and we should depend as much as possible on our own income and savings.

In the next five years, I would expect international competitiveness and world economic turmoil to remain with us. The international economy is bound to have an influence on our economy, both at the government level and at the individual level.

What I would like to see is our economy having the ability to function with security and flexibility as an open economy within the world system. Monetary and fiscal policies have to be based on correct reasoning, without emotional judgment.

CSO: 4200/1309



THAILAND

BUSINESS DEALS WITH PRC IN SUGAR, TIMBER

Bangkok THE NATION in English 1 Jul 85 p 27

[Text]

**A THAI firm has won a contract to supply timber drying equipment to China while another is awaiting approval from Chinese authorities to have a joint venture to produce white sugar in that country.**

Rainbow International Trading Co Ltd has clinched a six million baht contract to supply timber drying equipment to China as part of the development of rubber plantations in Hainan.

Parson Ltd Part, eyeing several diversification projects in that country, is awaiting approval from the Economic Committee of Feng Kai to go ahead with the sugar production joint venture.

Rewat Lertruengpanya, a director of Rainbow International told *The Nation* Friday that his company is to supply six sets of drying equipment costing over six million baht as part of the \$2 million furniture project. The contract was won in competition with suppliers from all over the world. Rainbow will supply equipment manufactured in West Germany and Singapore.

The rubber plantation project is financed by a \$10 million loan from the World Bank.

Rewat said that in the past two or three years, the furniture market in China had expanded rapidly because of the investment in international hotels. He said that recently a Hong Kong architect had been to Thailand looking for furniture for the total refurbishment of a 150-room hotel. He said that there were many other hotels preparing similar schemes.

"The Chinese would like to buy a lot more furniture," he said, "and are interested in inviting Thai manufacturers to participate in investment in furniture factories. Thai machinery is up-to-date, while China has a plentiful supply of labour."

**OBSERVING MISSION**

Rewat said that the Chinese Ministry of Agriculture had sent officials to study Thai rubber plantations, and had observed that in this country, trees that are 25 years or older were cut down and used to make furniture.

Earlier, Rainbow offered to supply the Chinese with equipment for the production of potable water and bottles, and transport vehicles, for use in Shenzhen, at a cost of \$500,000. The Chinese

had shown an interest, but as communications lapsed, the Chinese eventually bought the equipment from the French at a cost of \$2 million.

"I regret not having followed it up," Rewat said, "but I have to admit that the French equipment was more modern. The French are well-known for their mineral water."

Rewat said that there are good prospects for trade and investment in China, for example, in cold storage, food freezing and packaging.

He said that many Thai investors were investing in China. The largest project was the \$100-million investment by Kiat Srifuangfung's Thai Asahi Glass company in the manufacture of glass, the golf course project in Shenzhen, and the CP Group's joint venture with Honda to make motorcycles in Shanghai.

**AWAITING FOR APPROVAL**

Parson's Manager Somphorn Phavichitr told *The Nation* at the weekend that his company awaits a decision by the Feng Kai authorities to approve the request for Parson Ltd Part to invest about 10 million baht to improve local sugar processing with Chinese investors.

The decision has been postponed for about three months due to an earlier announcement by the Bank of China, the central bank, on foreign exchange control. The Feng Kai authorities have therefore been reluctant to permit foreign expenditure on the acquisition of new equipment.

Somphorn said that he will shortly dispatch a team of executives to Feng Kai, located in the southern part of the country, to follow up on the project.

This project was the final outcome of two proposals submitted earlier. One involved investment in sugar refining and the other concerned investment in production of fructose from non-sugar crops.

Somphorn disclosed that the sugar refining

project would have involved investment of about \$5 million. The company has urged the provincial authorities of Hebei to produce white sugar using raw material from Thailand. Chinese investors earlier expressed serious interest in the project because China faced shortages of white sugar for food processing, soft-drinks, and hotel industries.

However, the prices of sugar on the international market have dropped to 3-4 times below the cost of production. Chinese investors dropped the project and turned to white sugar imports instead.

The second project involved production of fructose from non-sugar crops. Parson proposed to invest about \$3 million in the production of fructose from tapioca flour with a return on investment within two and a half years. The aim was to produce fructose to meet demand in those areas in China which continued to face a shortage of sugar.

Chinese investors were also keen on this project because fructose can be used as a substitute for sugar. However, the proposal was subject to approval at many levels and no reply was given.

"We intended to use tapioca flour from Thailand to produce fructose in China because Thailand has a surplus. But this project could not be undertaken here because sugar planters and traders would complain, although it would help the tapioca industry," Somphorn disclosed.

### ENOUGH EXPERIENCE

He, nevertheless, expressed confidence that the Thai sugar industry has enough experience and technology to assist in the modernization of China.

Commenting on the possibility of substituting stevia for sugar, he explained that there is limited consumption of the crop because it is some 200 times sweeter than sugar. The product is mainly consumed by those with diabetes.

He said China has a huge output of stevia in Yunnan but without much benefit. Production from Thailand has exceeded demand without any farm planning. Japan has an annual demand of about 1,000 tons but Thailand has a stock of 800 tons valued at about 10 million baht. Japan has a reason not to buy stevia here.

THAILAND

NAVY SUBMARINE PURCHASES

Bangkok THE NATION in English 6 Jul 85 p 5

[Text]

THE Royal Thai Navy (RTN) is expected to have its first submarine within the next few years, Navy Commander-in-Chief Adm Niphon Siridhorn said yesterday.

He said the RTN has a plan to acquire between two to four submarines with a displacement of less than 1,000 tons each.

"We are still uncertain about the prices we will have to pay," he told reporters after presiding over the opening of the joint US-Thai military exercise "Cobra Gold 85" at the Naval Operations Department in Sattahip.

He said the RTN is in the process of deciding

from which country to buy the submarines. He said the RTN needs a fleet of submarines to enhance its defence capability.

Adm Niphon recently returned from a trip to West Germany during which he visited several naval dockyards.

The navy chief said that whether or not the RTN will be able to buy the submarines depends on the economic conditions of the country.

Adm Niphon, meanwhile, warned Thai fishermen against violating the waters of neighbouring countries.

CSO: 4200/1309

28 August 1985

THAILAND

## TAPIOCA ORDER FROM NORTH KOREA

Bangkok BANGKOK POST in English 11 Jul 85 p 15

[Text]

**THE Democratic People's Republic of Korea has for the first time ever, placed an order for some 600,000 tons of hard tapioca pellets worth over 1,000 million baht with Eurasian Corporation Ltd, one of Thailand's largest tapioca exporters.**

The first 200,000 tons, which has been priced at US\$12.4 million (about 340 million baht), will be for shipment during the second half of this year while the remaining 400,000 tons will be shipped next year and its price will be fixed this October.

The North Korean purchase would help diversify the market for this Thai product which has been depending mainly on the European Economic Community, according to Mr Suraphol Asvasirayothin, chairman of Eurasian Corp.

In addition, it would help the Thai tapioca production industry as well as farmers in general, he said.

The products were sold on FOB basis under which the buyer will send its vessels to pick up the Thai goods.

An agreement on the deal was signed by the two parties last night at the office of the Thai firm on the 12th floor of the Bangkok Bank Building, in a ceremony witnessed by Commerce Minister Kosol Krairiksh and former deputy prime minister Prasit Karnchanawat, who is currently chairman of the

**Board of Directors of the Bangkok Bank.**

Representing the North Korean Government in the purchase was the Korea Cereals Export and Import Corporation. Signing the agreement on behalf of the Thai firm were Mr Suraphol, his deputy Mr Preecha Prinyaknit and managing director Kitti Damnern-charnvanit, while the Korean side was represented at the signing by vice general director of the Korean corporation, Mr Bae Jong Su, Mr Yun Cho Du, deputy trade representative in Bangkok, and Mr Cha Heui Gun, vice general director of the Korean corporation.

The agreement was concluded following the recent visit of a 10-man North Korean delegation headed by Mr Tak Jong Myong, general secretary of the Committee for Promotion of International Trade.

~~The mission had extensively inspected the production of tapioca pellets and its handling and loading facilities and processes.~~

Eurasian Corp, with a branch in Rotterdam, is the largest Thai-owned tapioca products exporting firm. It exported 1,430,000 tons of tapioca in 1981, 1,770,000 tons in 1982, 1,869,000 tons in 1983 and 1,070,000 tons in 1984. The above figures accounted for 24%, 25%, 20% and 19% of the country's tapioca exports in those respective years.

CSO: 4200/1309

28 August 1985

## THAILAND

## AGRICULTURE MINISTRY PESSIMISTIC ON EXPORTS

Bangkok BANGKOK POST in English 14 Jul 85 p 1

[Text]

THE Agriculture Ministry has forecast a generally bleak outlook for Thailand's exports of four major crops, giving reasons ranging from overproduction, overseas competition to low quality.

Domestic paddy prices are at present badly affected by the country's declining rice exports as a result of high rice production in the world, Agriculture Minister Narong Wongwan said.

Mr Narong admitted that the price of five per cent paddy during the past six months averaged about 2,790 baht per ton, 139 baht lower than the price in the same period last year.

He said the Government was doing all it could to boost the country's rice exports to improve the paddy prices, which directly affected the well-being of the farmers. He said he believed that paddy prices would begin to pick up within the next six months as a result of the Government's export drive.

The Agriculture Ministry, he said, will also try to limit production of second-crop paddy to pre-

vent prices from further declining. Farmers will be encouraged to grow substitute crops.

Paddy prices are falling despite the fact that the country's paddy output in 1984/85 totalled 19.1 million tons, about 400,000 tons lower than last year's output.

IMPACT

Mr Narong also predicted a strong impact on the maize market caused by the country's high output this year totalling 4.1 million tons, about 600,000 tons higher than last year.

He said domestic prices of maize will remain weak throughout the next six months because of bleak export outlook. He admitted that Thailand's maize exports have not been doing very well because its quality was lower than the products of other countries.

Worse still, he said the United States and China, both of which have increased their maize production substantially, have successfully competed in Thailand's tradi-

tional markets.

As for tapioca, the minister said the domestic price will remain weak throughout the year because of overproduction, estimated at about 20 million tons for the 1984/85 production year. The European Community continues to be the only major market for Thai tapioca.

The domestic price of tapioca is at present 38 satangs per kilogramme, compared with 65 satangs per kilogramme last year. However, Mr Narong believed the price would pick up a little as Thailand was able to open new markets.

The price of soyabean which was 6.50 baht per kilogramme during the first six months of this year is expected to stabilise during the rest of the year. The total output in 1984/85 rose to 240,000 tons from 180,000 tons in the previous year.

As for the rubber market, the minister said although the total output in 1984/85 rose eight per cent over the previous year to 670,000 tons, the price of rubber has dropped by six per cent due to declining exports.

CSO: 4200/1309

THAILAND

CURRENCY SMUGGLING IN SOUTH

Bangkok THE NATION in English 24 Jul 85 p 5

[Text]

**HAT YAI — Customs officials are stepping up a campaign to crack down on currency smuggling rackets which operate from several border provinces in the South, a senior customs official told *The Nation*.**

Somchainuek Engtrakul, director of the Songkhla-based Zone Nine Customs, said the customs officials have pinpointed about six major rackets which have been smuggling currencies out of the country, mostly through bordering Malaysia.

He estimated that the value of currencies smuggled out of the country yearly amounts to about 1,000 million baht.

He said a special 15-man task force was recently set up to gather information on the smuggling rings. The Zone Nine Customs has responsibility over seven southern provinces.

The currencies involved in the smuggling include American, Malaysian, Hong Kong and Singapore dollars, pound sterling and deutsche mark.

Somchainuek said Phuket, Hat Yai and Sungai Golok are the main transit points for the currency smuggling which is sometimes carried out with the help of travel agencies and illegal money changers.

He said that since the beginning of this year, customs officials have seized large amounts of US, Malaysian and Singapore currencies from smugglers.

Somchainuek said the currency smugglers have vast networks which sometimes reach

Europe and South America.

Customs officials in Hat Yai last week arrested a businessman and two Thai Airways luggage handlers for allegedly attempting to smuggle 16 million baht in foreign currencies out of the country.

**BIG SEIZURE**

The businessman was seized while he was about to board a flight to Singapore from the airport here. The currency was in US and Canadian dollars as well as in German marks and French francs.

The seizure was described as one of the largest in several years.

Sambhand Limtrakool, director of the Southern Region Branch of the Bank of Thailand, told *The Nation* that the growing blackmarketeering, especially in Hat Yai, in the past several years has been spurring the currency smuggling.

He said authorities are now keeping a close watch on illegal money changers and unauthorized deposit-taking firms which are believed to be a main factor in the currency smuggling business.

Commenting on the matter, MP Naruechart Boonsuwan (Democrat-Songkhla) claimed that employees of some banks in Hat Yai also collaborate in the currency smuggling.

He said he will raise the issue with his MP colleagues so that a formal proposal calling for a remedial measure can be made to the government.

CSO: 4200/1309

THAILAND

## MP SALARIES NOT SUFFICIENT

Bangkok THE NATION in English 14 Jul 85 p 17

[Article by Vithoon Pungprasert]

[Text]

**N**OT a single politician involved in the country's elections questions the meaning of what they call "social tax", a price they have to pay for being MPs. Most of the Thai politicians dislike the traditional practice of paying social tax, but then they admit they have to live with it if they want to maintain their popularity among voters in their respective constituencies.

An MP's acquaintance with his voters is crucial to his political future and victory in the next elections. And that is the reason why most MPs spend most of their time visiting people in their communities instead of concentrating on their legislative duties.

An MP who is responsible for his legislative duties in the House is not always popular amongst the people and may lose his chance to get elected again, if he spends too much time on paper work, pointed out Democrat MP Thiraphan Petchsuwan.

Once an MP goes out to meet the people, he has to pay the social tax which comes in various forms, ranging from financial assistance to funerals to gifts for weddings, donations for religious ceremonies and participation in community activities.

Some people seek their MPs' assistance for such a minor matter as applying for a driving licence, said Thiraphan who added that most MPs can hardly make both ends meet with the monthly income of 18,000 baht.

Chiang Rai MP Songtham

Panyadee, for instance, said he has never had the chance to touch his salary from Parliament because "my debts are so abundant that all the salary goes to the payment of interest for the debts."

Songtham has served in the House of Representatives for five terms, starting with a salary of 8,000 baht in 1969. My social tax includes aid to fire victims, donations for Kathin ceremonies and the construction of chapels in Buddhist temples, and donations for sports activities in my constituency," said Songtham.

The Chat Thai MP said he normally has banknotes, totalling about 100 baht, with him when he visits people and "whenever some people ask money from me, I hand out about 20 baht each time."

Songtham finds other ways to save his spending. Instead of giving cash, he sometimes gives souvenir glasses to people he meets. "Some MPs will never have the courage to visit people in their constituencies if they have less than 30,000 baht in cash in their pockets," claimed Songtham.

Songtham's existing debts are over 100,000 baht but "I survive because I have my own printing business and I also have a radio programme in Chiang Rai."

He earns tens of thousands of baht from commercials for his radio programme but the major portion of the income seems to go to the social tax.

**Pre-election  
campaign:**

Spending during a pre-election campaign is a major expenditure for an MP. A survey by the Local Administration Department showed that 77 per cent of MPs searched for their own financial sources and assistance for their election campaigns while only 11.8 per cent received financial support from their political parties and another 10.5 per cent are supported by their relatives and friends.

MP Pinich Chandrasurin (Social Action-Lampang), for one, said the monthly salary of 18,000 baht was meaningless to him. He seeks loans from commercial banks and financial support from his relatives for running in elections. Pinich said his monthly expenditure is 60,000-70,000 baht and "this is partly because I have so many friends in Bangkok and upcountry."

Pinich who is concurrently secretary to a minister attached to the PM's Office receives an extra income of 7,060 baht from the post. He said he pays more than 10,000 baht in social tax each week when he visits people in his constituency.

"Some people simply ask me for money while I also have to hand out some money to my canvassers. I also pay 1,500 baht for the gasoline for my car, 500 baht for food and 50 baht to each of my subordinates who follow me during each trip. I pay another 500 baht to villagers to buy rice for their village. If I visit more than three villages on each trip, then I'm in trouble," the Social Action MP said.

Pinich has his own business and "my spending will be smooth if I earn at least 120,000 baht a month."

### **Insufficient despite free housing:**

Elected MPs enjoy the privilege of free travel by plane, bus and train but that doesn't mean much to them.

Veteran MP Klaew Norapati also enjoys free housing but "still life is tough."

The Social Democrat MP who has been elected to the Lower House seven times since 1952 said his major expenses, in addition to the social tax, include payments for electricity, water and telephone bills.

The telephone bill alone is about 2,000 baht each month plus "I also have to pay another 2,000 baht each

month as a financial contribution to the party."

Klaew's social tax goes up and down depending on the season. "If there are many festivals or religious activities in the province then my social tax is high," he explained.

Klaew said he has talked his son, now a deputy district chief, out of entering politics because "life for a Thai politician is tough."

The Khon Kaen MP said his payment of the social tax ranges from 100 to 400 baht but "it totals to a large sum of money."

As an MP, he added, it's rather impossible to ask for an increase of salary because "one is supposed to make sacrifices for the country in his capacity as a representative of the people."

### **Happy despite tough life:**

Many MPs are happy to be in the House of Representatives despite the "tough financial situation." "At least we are proud that people elect us to represent them in the national legislative body," said MP Kamron na Lamphun (Democrat-Nan).

He, however, admitted that he was disillusioned sometimes because of the financial trouble he faced. All his 18,000-baht salary from the House goes to the social tax and "my family survives from my income as a lawyer." "Sometimes the social tax is so high that I have to spend some of the income I make as a lawyer for the purpose," he said.

Kamron currently contributes 1,800 baht each month to his party and pays 2,000 baht a month for the 20,000 baht loan he sought from his party for the pre-election campaign.

"After income tax and other expenses, I receive about 12,400 baht, and not 18,000 baht, from the House," he said. Despite his pride, Kamron said he may have to quit politics earlier than he had planned because of the financial strain.

"The next general elections may be my last, or I may decide not to run if I am not financially capable of doing so," he said.

Kamron is agreeable to the proposal that an MP's salary should be increased from the present 18,000 baht to 40,000 baht a month.



**More income,  
more expenses:**

An MP who is concurrently in the Cabinet receives 23,240-23,820 baht each month. The income is higher than being an MP alone, but the expenditures automatically increase.

In his office a Cabinet member (who asked not to be identified), took out 15,000 baht in cash from his briefcase and handed it over to his canvassers on a payday. The money is usually distributed to people who help him in the election campaign and the Cabinet.

"This is only one part of my social tax. Each month, I have to pay donations to various activities. And if I am 'forced' to be chairman of a certain activity, then the social tax is higher," he added.

He said his net income as a Cabinet member is about 14,000 baht each month and "from this I have to pay another 3,000 baht as a financial contribution to the party."

A Cabinet member contributes more than an MP. He estimated his expense for transport spent while visiting people in his constituency at about 10,000 baht a month.

"If you are talking about feeding my family with my salary as a Cabinet member, then forget it. I have to live on the income from my business of course," he added.

An MP who is either a Cabinet member or a party executive also bears the additional burden of helping poor MPs in his political party.

"We are definitely in a difficult position. We will be criticized if we propose an increase of our salary. But we may have to do it in the next parliamentary session," he said.

COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

SIHANOUK LIVES IN LUXURY, NOTES MEDICAL CAUTIONS

Bangkok BANGKOK POST in English 15 Jul 85 p 6

[Text]

Peking (Reuter) — Most monarchs forced from their thrones seem to end up living in splendour on the French Riviera. Prince Norodom Sihanouk decided to be different. He lives in splendour in Peking or Pyongyang. Sihanouk, 64 this year, led the life of a carefree playboy during the halcyon years between 1953 and 1970 when he ruled a Kampuchea free of the war and interne-cine strife which have ravaged it ever since.

He now spends most of his time living in large mansions provided by the Chinese Government in Peking and the North Korean leadership in Pyongyang. China supports him as nominal head of the anti-Vietnamese Kampuchean coalition government.

"They are very generous to me," the ebullient prince told foreign journalists yesterday in an interview in his Peking mansion.

"I am poor. I cannot afford to live in France, or

in Hawaii or California like so many others."

In his Peking residence, the former French Legation compound which was expanded in the late 1970s for the since-deposed Chinese leader Hua Guofeng, Sihanouk lives with his wife Princess Monique, his dog Miki and 100 servants.

"They allow me to lead a very bourgeois life. There is no pressure on me to become a communist sympathiser," he said with a laugh.

"They are very kind. I can give lavish receptions and the Chinese pay for everything. I have cars, I have more than 10 cooks to prepare French, Cambodian or Chinese food. It is up to me," he said.

His health is not the best these days — he says he has problems with blood circulation in his legs, a fatty liver and a condition verging on diabetes.

"My physicians tell me

I must improve my diet and not eat things like pate de foie gras. But these are my favourite dishes," he said, while his retainers plied the journalists with caviar and Chinese champagne. "I miss Cambodia very much. But, if I cannot be in Cambodia, then I am happy to be here," he added.

In spite of the relative opulence of his life here and in Pyongyang, Sihanouk's life today is very different from the old days in Phnom Penh.

"I was a playboy, I admit it. I had 14 children and I don't know how many grandchildren. But there were not more than 20 women in my life altogether.

"My father, who was also a playboy, succeeded in conquering nearly 200 women. And my grandfather had 360 concubines, which left him with only five days rest a year.

"But I am not a playboy any more. I am too old. And I have a beautiful wife."

PEOPLE'S REPUBLIC OF KAMPUCHEA

JOURNALIST DISPUTES THAI REPORT ON PHNOM PENH CONDITIONS

Bangkok BANGKOK POST in English 17 Jul 85 p 4

[Article by Michael Vickery]

[Text]

SIR: On 29 June 1985, the *Bangkok Post* published a very inaccurate article about Cambodia, "Apathy increases as Khmer officials worry over future," by Pichai Chuensuksawadi.

I have visited the People's Republic of Kampuchea twice, for three weeks in August-September 1981 and for nearly five weeks from the end of October through November 1984; and I would like to make the following observations about Pichai's article. You might also refer to my book, "Cambodia 1975-1982."

During both those trips I ascertained that movement of foreign visitors within the Phnom Penh city limits was unrestricted, that is one could walk, bicycle, or take pedicabs or local bus transport without a guide/interpreter. In 1984, in contrast to 1981, the Chhri Changvar peninsula across the river from Phnom Penh was included within this area of free movement. Such freedom is of little relevance for those who do not know the city, or who do not speak Khmer, but it was significant for me, since I have known Phnom Penh since 1960.

Another impression was that the number of Vietnamese military in the city had greatly decreased between 1981 and 1984.

Outside the Phnom Penh municipal area foreign visitors must travel in an officially approved vehicle with a guide/interpreter from the Foreign Ministry. In my case the guide was usually superfluous, since I had no need of an interpreter and sometimes knew the area visited better than they. During my 1984 visit I was impressed by the way my guide, realising the situation, left me alone

to talk to people without interference from officialdom.

Now with respect to the map accompanying Pichai's article, and his identification of activities in certain areas:

The so-called suburbs of "Ampou (location A)" and "Chuba (location B)" do not exist; and only someone totally unfamiliar with Phnom Penh could produce such an error. There is a suburb Chhbar Ampeou, just across the old Monivong Bridge on route 1. Right at the Chhbar Ampeou end of the bridge is one of Phnom Penh's largest markets, more wholesale than retail, where products from Cambodia's southeast and from Vietnam are sold to retailers from the city.

Just as in prewar Cambodia, a high proportion of market traders are Sino-Khmer or Vietnamese-Khmer, or purely Chinese or Vietnamese, so one sees many representatives of those groups in markets today. Otherwise Chhbar Ampeou shows no signs of being "almost wholly Vietnamese," nor more Vietnamese in 1984 than in 1981; and in fact, aside from the immediate market area Chhbar Ampeou seems to be impressively Khmer, with large functioning Buddhist temples.

The O Russey (Pichai's Orinsay) market (location D), is one of the two largest markets within the city of Phnom Penh — the second being at Tuol Tapoung, to the southwest of O Russey. Now, just as before 1970, it is one of "the most congested parts of the city with numerous Sino-Khmer shophouses," which circumstance indicates no more than a return to prewar normality.

I did not visit the stadium (location E) in 1984, but since it is regularly in use for sports events which the ordinary population visit as spectators, I find Pichai's assertion that "access to this area is prohibited without a pass" highly unlikely.

As for "Toul Svay Prek (location F)," more accurately Tuol Svay Prey, I have some personal experience. That is the location of the infamous Tuol Sleng prison, where I conducted research among the prisoners' dossiers both in 1981 and in 1984, and where access for foreign researchers was in 1984 still very free (contrary to certain disinformation in articles by Elizabeth Becker, *Washington Post*, February-March 1983 and by William Shawcross, *New York Review of Books*, May 1984).

Both in 1981 and in 1984 I made numerous visits to Tuol Sleng, and after the first, official, introduction with a foreign ministry guide, I was allowed to go there freely on my own, on the grounds that I knew the city and did not require a guide or driver. Each day, when the archives had closed in the afternoon, I walked or took a pedicab back to the Monorom Hotel via diverse routes through southwest and central Phnom Penh. The area is certainly not "reserved for Vietnamese at least 11 months ago," in fact it seems to be strictly Khmer, and there is no restriction of movement there.

I said I returned from Tuol Sleng to the Monorom Hotel in an area not marked on Pichai's map, but near the angle where the white area juts into the northwest of the shaded area. This is where most foreigners live, in the Monorom Samakki Hotel, White Hotel (shades of D.H. Thomas), and various apartment blocks for mainly East European experts. Pichai's location P, where "foreign aid workers and journalists are housed" is a figment of some spook's imagination; and it well illustrates the nature of his information.

It is true that north of Phnom Penh along the river (location G), "before Prek Phnou," and Kompong Luong,

there are many Vietnamese, most of them returned prewar residents, but my impression from visits there was that the majority of the population was Khmer.

Location H at the end of the Japanese bridge, is not "a smaller Vietnamese residential area," nor a Vietnamese area at all. It is Cham, as it was traditionally, with, spread over the entire Chruai Changvar peninsula, some Khmer, Chinese, and Vietnamese neighbourhoods. I reiterate that I had complete freedom to walk around Chruai Changvar, and to question people about themselves, the area, and the ethnicity of its population.

I did not visit, nor do I have information about locations C, K, N, O. As for Tuol Kauk (location Q), it may be an elite residential area, as it was before 1975, but the only ministerial residence I visited was in the former French quarter, just north of the Phnom (circle just west of Pichai's S, which latter, incidentally, is *not* where the central market is located). My single trip to Tuol Kauk was to visit a textile factory, also a prewar relic.

I do not know if there is a PAVN base south of Takhmau, but I travelled through Takhmau to Saang, and to Koh Thom, the next district south of Saang. I can certify that "access by non-Vietnamese" is *not* difficult; in fact travel to that area is extremely easy, and I saw no evidence of large numbers of Vietnamese inhabitants. I am confident that the Vietnamese population there is far smaller than before 1979, and this is certain for Koh Thom, closer to Vietnam than Saang, for by chance I was able to examine the district's most recent statistics.

Pichai is for once correct in "the old central market... is not in use but has been refurbished." Its location, however, is approximately where the line extending southwest from S crosses the next N-S street, whereas S is approximately the location of another, smaller, but very active market.

INTERNATIONAL RELATIONS, TRADE AND AID

NHAN DAN ARTICLE ON AID TO CAMBODIAN PROVINCE

BK031234 Hanoi Domestic Service in Vietnamese 0015 GMT 31 Jul 85

/NHAN DAN Article by (Xuan Nguyen) on cooperation and mutual assistance between Tay Ninh and Cambodia's Kompong Cham Province--date not given/

/Summary/ "Since the victory of the Cambodian revolution on 7 January 1979, Tay Ninh Province has helped Kompong Cham Province stabilize and build a new life. Hundreds of physicians and cadres from Tay Ninh have come to Kompong Cham to help in the socioeconomic management task, thereby improving the people's standard of living and public health service. Tay Ninh has also given as aid to Kompong Cham food, medicine, and agricultural materials worth more than 5 million dong."

Tay Ninh also helped this Cambodian sister province transport goods, plow land, repair roads, and build an electricity station, a water pumping station, a rice mill, warehouses, and a hospital.

"Tay Ninh has annually assigned to Kompong Cham more than 60 specialists to work on a long-term basis and 30-40 specialists on a short-term basis. It has helped train a contingent of Cambodian technicians and workers to enable them to carry out their socioeconomic task and accelerate production and business."

In addition, Tay Ninh helped Kompong Cham build a brick and tile enterprise, a pharmaceutical factory, a water reservoir, and a cable line across the Mekong River.

"Since late 1982 the two provinces have accelerated cooperation on goods exchanges. Kompong Cham exported to Tay Ninh various agricultural products and imported spare parts, equipment and consumer goods, especially construction materials. Thanks to their economic integration and cooperation, the two provinces have exploited their potentials--Kompong Cham has various industrial crops while Tay Ninh has abundant construction materials--thereby creating a new balance in accelerating capital construction and stabilizing the people's daily life."

In 1985, the two provinces will strive to increase the volume of their goods exchanges to hundreds of million dong. Tay Ninh will continue to help Kompong Cham build more brick and tile enterprises, pharmaceutical factories, schools and market places, thereby contributing to developing economic and cultural cooperation between the two provinces.

INNOVATION OF STATE ECONOMIC MANAGEMENT DISCUSSED

Hanoi NHAN DAN in Vietnamese 5, 6 Jun 85

[Article by Prof Dao Xuan Sam: "Dynamic Management Mechanism and Development of Leading Role of State-Operated Economy"]

[5 Jun 85, pp 3-4]

[Text] Implementing a Dynamic Management Mechanism and Shifting Completely to Commercial Activities Is an Urgent Problem

At present, the basic and most urgent task of economic management is gradually to steer the composite economy in general and the market in particular toward a planned management orbit. It will be impossible to carry out this task without developing the leading role of the state-operated economy which is the component representing planned organization. To date, however, many state economic organizations have not yet fulfilled this role and the main and most direct reason is the hindrance caused by a complicated bureaucratic mechanism. This is precisely why, in practice, the abolition of this complicated bureaucratic mechanism and the creation of a dynamic management mechanism are considered to be very urgent tasks aimed at bringing about a complete shift to business activities as required by the VCP Central Committee's Seventh Plenum (Fifth Session). Such a shift is an objective necessity.

Indeed, the policy of using a composite economy and expanding merchandise circulation has conferred on the state-operated economy of our country the role of a leading component in a complex economic market. In this market, the socialist economic law system has just begun to exercise its effect in conjunction with that of the capitalist economic and small-scale merchandise production laws which have been initially limited but are still working by their spontaneous development nature. In this market, collective economic units, especially low-level ones, and household economy people, especially private traders, are still doing business to a large extent according to the commercial accounting method proper to the spontaneous market mechanism. The spontaneous development of production and market can be narrowed down gradually only by simultaneously stepping up the socialist revolution which involves expanding and improving centralized regulation according to plan and establishing and strengthening the leading role of the state economy. The situation has become more complicated because the state-operated economy seriously

lacks materials and capital while the ability of the higher, and especially central, level to regulate them harmoniously in a concentrated and uniform manner is also very limited. Therefore, all localities, sectors and production and business units at the grassroots level have been more or less compelled to look for material and capital sources and customers in order to maintain and develop production while exchanging goods among themselves and with other economic components. This necessity is most urgent and extensive in large cities because they are industrial and commercial centers and because many of them are major import-export gateways where industrial and commercial activities will be impossible if merchandise exchange within the region and goods import and export are hampered. The most typical of these gateways are Ho Chi Minh and Haiphong cities.

Under such objective circumstances, the more direct relationships any state economic unit has with the market and the more relations it has with all other economic components and localities in the region, the sooner this unit will be compelled to suit its management and planning method to the situation in a very dynamic manner. There have been cases where factories had to choose between the risk of being shut down and the implementation of a dynamic management mechanism. Ever since the promulgation of the resolution of the VCP Central Committee's Sixth Plenum (Fourth Session), this important adaptability has been most conspicuous through the application of such instrumental procedures as negotiated prices, direct exchange of goods, planned contracts insuring bilateral benefit and responsibility between the parties concerned and between high and low levels, and proportional plans formulated by the high level and those drawn up by the economic units themselves for their direct relations with the supplier and the consumer. The application of these instrumental procedures has been called for in many party and state documents according to the concept that conscientious efforts must be made to achieve planned management with the ultimate aim of developing the dynamism of the state-operated economy in order to strenuously and jointly lead other economic components into the planned management orbit. But a contrary state of affairs has resulted on many occasions. Hindered by the complicated bureaucratic mechanism, many state economic units have been unable to take the initiative to develop production and goods circulation though the overall policy of the party and state has encouraged this expansion. At the same time, other components--especially the private economic ones--have enjoyed excessive freedom, spontaneously developed production and goods circulation and made a large profit while state economic units produce slowly and suffer losses. This is the origin of the disorderly and contradictory distribution of national income among various economic components and people of various strata. It follows that in a market where the state-operated economy does not have an appropriate management system, this will mean yielding its place to other components and allowing them to control the market and the distribution of national income. It is true that many state economic organizations have begun to overcome the complicated bureaucratic mechanism with the strong support of the state in the administrative and educational areas and that they have taken the initiative to expand production and business activities and to use market tools in the struggle to master the market and to steer it ever more firmly toward the orbit of planning and policy. By doing so, many local economic organizations have gradually controlled the market of grain, foodstuffs and industrial products. Moreover, they have cooperated and associated

with other components to develop their leading and managerial effect, thus contributing gradually to transform these components along socialist lines. Under these practical circumstances, the national income will be redistributed ever more beneficially to the state-operated economy including the laboring people and there will be more possibilities for the state-operated economy to contribute to the budget. Moreover, in operating a dynamic management mechanism, the state-operated economy will not swerve from the planned management orbit but will only have to give up the method of planning supply and delivery in a purely administrative manner--that is, to draw up plans really from the grassroots level and to thoroughly understand the socialist principle of economic accounting and business management. All planned tasks must harmoniously conform to economic contracts signed with suppliers and consumers and be approved or supervised and regulated by the high level.

Of course, such a dynamic management system requires great independence for various economic and technical sectors, localities and production and business units provided that they observe and completely serve the overall line and policy and comply with the uniform national economic plan which must be based on fundamental norms and situated within the realm of the overall guideline and project. Though not contradicting or weakening uniform and centralized management, this management system strongly opposes the excessively bureaucratic method of exercising uniform and centralized management through specific, meticulous ties inherent in planning systems and patterns and in finance, credit, pricing, labor, wages, material supply and product delivery. Therefore, innovating specific policies on economy and finance is an urgent requirement. But it is most difficult to solve the decentralization problem while maintaining uniformity and using market relationships without following the spontaneous market development trend.

#### Planned Uniformity in Using Economic Stimuli

At present, the most important and embarrassing task in innovating economic management in our country is to use economic methods and stimuli to shift from a planning mechanism of a purely administrative and legally compulsive nature to one imbued with the socialist principle of economic accounting and business management as required by the Fifth VCP Congress. It must be noted that, in practice, the productive and commercial activities--that is, experiences--of dynamically working units and localities have pointed to the method of rationally using economic tools in the areas of distribution, circulation, pricing, finance, credit and wages. Actual facts about these new factors have shown more clearly the soundness of principled concepts set forth by many party resolutions to solve problems in these areas. According to these party resolutions, the highest criterion used to assess the correctness of these specific policies is whether they can promote production development, consolidate the new production relationship and step up the overall production relationship revolution. Another criterion is uniform association of all economic interests from the socialist viewpoint. These two criteria ensure that it is naturally necessary to use planning as a uniform coordinating instrument and to apply all levers to achieve uniform socioeconomic targets and associate and unify all interests. The plans of all localities, units and sectors must be used as tools to coordinate, direct and uniformly employ



all incentive economic policies. Based on the viewpoint about the need to decentralize the ownership of plans, to expand joint ventures and business associations as props for harmonious plans and to do planning in strict conformity with the socialist principle of economic accounting and business administration, it is of course necessary to decentralize also the ownership of economic tools and incentives accordingly; otherwise, this decentralization will become unsubstantial. Economic tools and incentives have been employed within the network of functional sectors in the hope of achieving a high degree of centralization and unification but this use has proven ever more ineffective. This is because every functional sector gives priority to its functional targets so that their separate systems oppose and nullify each other and hamper production and business. This has limited the scope of action of sectorial and local economic organizations and basic units in their capacity as owners of production and planned exchange of goods or has deprived them of power and weapons in commercial dealings as a whole and especially in the struggle to win mastery over the market. In principle, it is, therefore, necessary to raise the problem of innovating the use of economic stimuli while innovating the whole economic management mechanism in which the central task is to innovate planning.

#### Planning Apparatus--the Central Part of the New Management Mechanism

The Fifth VCP Congress has requested that innovations be made in planning according to the concept of decentralization of collective ownership and thorough implementation of the socialist principle of economic accounting and business administration. Doing so is the central task of the management mechanism and is suitable to the composite economy and to the expansion of merchandise circulation. Because such a new planning mechanism fundamentally differs from the one currently employed, which is of a highly complicated and bureaucratic nature, it cannot be deployed easily and simply. Nevertheless, from the actual facts about planning innovation in our country as gradually recapitulated and confirmed in many party and state resolutions, we can draw some principles peculiar to this new and correct planning mechanism.

The first principle deals with independence in planning effective, self-sufficient and self-expanding production and business with ability to fulfill one's obligations in equity and rationally. In other words, every level and every unit must independently formulate and implement a production and business plan on optimum grounds and with the aim of uniformly unifying individual, collective and social interests by incorporating the overall guideline in each level's program through which the high level will exercise guidance and ensure uniformity. In this program or plan, incentive tools such as prices, finance, money and wages are uniformly arranged to promote the set targets, to eliminate the situation where command is issued from many sources and to carry out uniform decentralization and unified command.

The second principle governs economic contractual relationships in delivery and receipt and proportionately determines planned tasks. In principle, all tasks related to the drawing up and implementation of a plan must ensure its equilibrium through contractual pledge. This means that any echelon that

determines tasks according to plan must ensure that this equilibrium be pledged by contract. Economic contracts will thus become the original documents for planning, accounting, control, evaluation and treatment. This principle guarantees equilibrium and creates conditions for uniform guidance, control, correction and regulation on the basis of decentralized planning. It also improves the legality and legal order of relationships of supply, consumption and joint business in which not only the planned tasks assigned by the high level are definitely of a legally compulsory nature, but all other planned tasks and commercial relationships also have a legal basis. Owing to this principle, there has been a change in the concept of plan examination and ratification and product delivery. It can be said that the entire plan of each level is subjected to guidance, control and correction by the high level which, however, will only partially ensure the equilibrium and execution of this plan. The supply-consumption relationships are ones between the parties concerned who exchange goods in equity according to contracts including those relating to plans formulated by the high level and those established for horizontal relationships.

The third principle calls for complete and exact accounting of all expenditures on the basis of a gradual change in prices and wages which is gradually eliminating cases where production expenses are insufficiently reckoned due to the application of the system of wages and supply prices. It is also necessary gradually to eliminate accounting procedures based on false documents to cope with obstacles stemming from irrational systems and regulations. A long-term basic trend must be the rehabilitation of the value yardstick through the application of a pricing system which accurately assesses values. Right now, it is necessary to take expenditures into account under the conditions provided by specific economic plans and contracts in order to reflect exactly and fully all expenses that have really been incurred. The system of independent business and self-sufficiency must be applied to induce all units to consider thrifty spending a vital problem. In other words, it is necessary to shift from the system of accounting and settling credit and debit accounts with the high level to that of commercial accounting, self-sufficiency and fulfillment of obligations to the high level.

The fourth principle regulates the system of periodic reporting, inspection and appraisal. For lack of a correct and stable standardization, the inspection and appraisal system needs to establish basic evaluation standards and the competent agencies have the duty to inspect, appraise and draw a conclusion. It is important to analyze specific cases carefully and objectively in order to lay a basis for economic incentives and penalties. This is an effective way to carry out stocktaking and control, to unify all economic interests and to oppose parochialism and particularism.

The aforementioned principles have been set forth in many party and state resolutions whose uniform, steady and gradual implementation is the way to overcome bureaucratic centralism, to improve the quality of uniformly centralized management and to prevent and eliminate unilateral and spontaneous development.

In this connection, it is very necessary to remember V. I. Lenin's important view on planning a composite economy and expanded circulation of goods. He wrote in 1921: "The new economic policy neither changes the uniform economic plan of the state nor goes beyond its scope but only changes the measures designed to implement it."

A planning mechanism consistent with the concept of decentralization of collective ownership and imbued with the socialist principle of economic accounting and business management thus involves the application of socioeconomic law as a whole and organizational and managerial law in particular. Such a mechanism can neither develop spontaneously nor come into being automatically but requires that all installations, localities and sectors in charge of production and business have enough strength to develop their independence, to display dynamism and to simultaneously work within the orbit of the uniform national economic plan. Therefore, rationally arranging and organizing production and management and strengthening the body of cadres are the necessary conditions to conform planning and management to the newly established and operated mechanism. Despite its slow economic development, our country has great potentialities in organization and in the number of cadres. In particular, after nearly 40 years of revolutionary administration, the standard of knowledge of cadres in production installations, districts and federations (corporations, economic and technical sectors, provinces and cities) constitutes a sufficient capital to gradually develop and innovate management and planning. This is an important origin of realistic, creative and dynamic activities which are extensively carried out at the basic and district level, in the provincial and municipal federations (corporations) and in economic and technical sectors.

In spite of the complexities and shortcomings during the process of innovating the economic management mechanism in our country at the present time, this innovation has really taken a step forward. Contrary to the past when they passively relied on the higher and central levels, sluggishly carried out production and business activities and sustained losses, units and sectors at all echelons are now beginning to enjoy independence, to rely on themselves, to display dynamism and really to intensify production and business activities. The remaining problem is to draw and study experiences in order to create a new management mechanism and to gradually increase the effectiveness of uniform and centralized management through continuous development of democracy and active creativeness of units at all levels and of the masses according to the socialist concept of collective ownership.

[6 Jun 85, p 3]

[Text] Reorganization of Production and Economic Accounting in Joint Business

An obvious difficulty with economic management in our country is the need to exercise uniformly planned management on the social scale while the object of management is still mostly a small-scale production system with a very low socialization level which is still scattered and unorganized and which has been further aggravated by protracted wars and national territory division. It is thus clear that advanced production organizations under various forms

must be gradually developed during the process of restoring and expanding production and building and reforming the economy. But, basically, these organizational forms can neither spontaneously take shape under the stimulative effect of market merchandise relationships as under the capitalist regime nor be separated from these very merchandise relationships. They can be established only by relying on the conscientious activities of management agencies under the effect of a planned management mechanism associated with socialist economic accounting and business administration. For this reason, reorganizing social production is the primary function of economic management agencies at all levels. However, we failed to clearly realize this problem when beginning to manage the economy in the north. In the late 1960's, almost all parts of the sectorial and territorial management mechanism at all echelons still continued to fulfill their economic managerial function mainly through administrative motivation and commandism or by officially interfering in the internal management of basic units. At that time, we did not yet really undertake to organize according to plan the relationships of work division and production cooperation on the sectorial, subsectorial, zonal and subzonal (provincial and district) scales. This delay has permitted the unduly long retention of the organizational form of small-scale production with its work division and cooperation method mostly confined to grassroots production units with their rather high degree of self-sufficiency. This is one of the principal reasons for the limited development of the state-operated and collective economies and for the limitedly effective use of material and technical bases and all sources of labor, materials and natural resources.

The resolution of the VCP Central Committee's 20th Plenum (Third Session, 1972) required us to eliminate the method of organizing and managing dispersed handicrafts along small-scale production lines and to formulate an organizational and managerial method proper to large-scale industry so as to rapidly advance national economy from small- to large-scale production. Afterward, the VCP Central Committee issued directives on the reorganization of agricultural production, with special emphasis on the position and role of the district level in economic management. In pursuance of these policies, from the early 1970's to date, attention has been paid to studying ways to build the economic structure on the sectorial and territorial scales and visible progress has been made, especially in zoning, planning and reorganizing agricultural production.

However, it must be stressed that, by itself, social production reorganization is a very complex process requiring foresight and considerations that encompass all domains: economic, political, national defense, scientific, technical, social organization and natural environment. This is a process of gradual rationalization and perfection similar to the technical advance process for which we have so far not done much and still lack experience. In all sectors at all levels, realities have demonstrated that hurry-scurry working methods devoid of an economic and technical basis and applied for the sake of scale and appearance soon had to be corrected. In addition, the experiences gained so far must also be revised because after the liberation of South Vietnam and national reunification, problems have arisen which differ much from what had been done formerly in the north. Today, the continued

building and perfection of the economic management system, including production reorganization, is being conducted at a time when the whole unified country is in the first stage of advance to socialism, when the economy is composite and has many forms with different levels and scales and when goods circulation is being expanded. These objective circumstances have engendered two problems. First, social production reorganization embraces not only the state-operated and collective economies but naturally also other components. The second problem is linked to the first and requires that the forms of work distribution, cooperation and association be based not only on direct organizational relationships but also broadly use the effect of economic incentives through economic accounting and merchandise relationships in general. These bilateral effects conform to the law on the application of economic principles in management. The shortcomings formerly committed in North Vietnam were the almost sole use of administrative organizational measures and the neglect of economic effects and the principle of mutual benefit in work division and cooperation. This was one of the reasons leading to the implementation of somewhat self-sufficient plans which were perhaps considerable in terms of scale and appearance but proved very costly, exerted little effect and subsequently led to the choice of others. It can be said that it will be impossible to socialize and reorganize production without simultaneously developing merchandise relationships.

An outstanding feature of the present situation is the fact that the stimuli provided by merchandise and market relationships also infuse a strong tendency to spontaneous development into relationships of joint ventures, economic alliances, supply and consumption, goods exchange, and so forth. This is understandable and its causes are found in the present economic situation with the following characteristics: The economy suffers from imbalance and serious deficits; basic research, zoning, project formulation and planning have many weak aspects; private economy still represents a relatively high ratio; the state-operated economy has occupied key positions and possesses the greatest potentials but has not yet been organized proportionally and rationally and managed well so as to develop its leading role; and the abilities of the high, especially central, level to regulate affairs harmoniously and uniformly are very limited. Nevertheless, this situation does not mean that the stimulative effect of merchandise and market relationships are always of a spontaneous development character and contrary to direct organizational relationships. This spontaneous development tendency will gradually fade away in the process of consolidating and improving economic management prerequisites according to a plan in which the principal task is strengthening the state-operated and collective economies while raising the standard of uniform and centralized management. Moreover, the fumbling "spontaneous development" of the low and basic levels can help the high level to make a choice, to draw up projects and to arrange and regulate affairs uniformly and ever more effectively.

In fact, in recent years, more and more state economic units have been granted economic independence and have received administrative and educational aid from the state and have thus been able to exert the effect of uniting other components and leading them into the planned organization orbit. Thanks

to the central level's guidance, many leading local economic agencies in provinces, cities, districts, wards or precincts have combined organizational and economic measures and carried out many energetic and effective tasks on zoning and establishing relationships of work division, cooperation and multi-form joint business in their own territories. In practice, the process of innovating the managing and planning mechanism is thus making it possible to decentralize the solution of the production reorganization problem which involves an essential coordination of the effect of direct organization with that of economic incentives. This means also the essential combination of the planning and merchandising spirits of which the former is gradually becoming the leader. This situation can be seen most clearly in the local economy where innovation of the managing and planning mechanism has been a motive power prompting and enabling the provincial, municipal, district, ward and precinct levels and agricultural cooperatives to take the initiative to reselect suitable and effective solutions for various aspects of production organization such as scale and structure of cooperative trades, scope of production units, extent of specialized work distribution, technical and investment plans, organizational forms and rearing bovines, hogs and fish, and forms of hilly soil and forest exploitation. From actual facts about the agricultural movement over the past few years, it can be inferred that innovation of the managing and planning mechanism has begun to create an economic structure to boost production socialization as a whole and also to promote production reorganization, thus gradually and really vesting these tasks with an economic nature and enabling them to proceed according to the economic viewpoint. Consequently, these tasks have brought realistic benefits to the masses and drawn their strong response and are no longer jobs to be done mainly by administrative orders and supported by allowances granted by the high level to cover expenditures. Obviously, social production reorganization must also be carried out in accordance with the characteristics of its objects and with the latter's law and must involve planned decentralization and conduct of affairs and require combination of the planning and merchandising spirits--that is, planning must be imbued with the socialist principle of economic accounting and business administration.

Economic realities and theories have both demonstrated that far from eliminating each other, the spirits of planned organization and merchandising are essentially related. The spirit of planned organization eliminates only the spontaneous development of merchandise relationships and demands that these relationships take on the planned organization spirit like any other economic relationship in the socialist economy. This means that in managing economy, we must not shirk merchandise relationships and avoid dealing with them but must study them and draw experiences in order to tame them and lead them into the planned organization orbit. Once mastering the merchandise relationships, we will possess a system of sharp and powerful economic tools and stimuli to achieve a planned organization really conformable to the economic viewpoint and to make it possible to harmoniously coordinate all economic interests and to raise the thrifty nature and effectiveness of our country's economy to a higher level than other economic regimes where the merchandise relationships are of a spontaneous development character.

On the contrary, as long as we entertain some hostile complex about merchandise relationships or merely use them in a formalistic manner, we will lose many sharp economic tools and stimuli and be unable to really escape from the complicated, bureaucratically centralized and averaging management system and to avoid creating fake contradictions among economic interests and weakening the thrifty and effective nature of our economy.

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ECONOMIC PLANNING, TRADE AND FINANCE

NHAN DAN ON SOCIALIST TRADE, MARKET MANAGEMENT

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/2 August NHAN DAN Editorial: "Implementing the Resolution of the Fifth Party Central Committee's Eighth Plenum, Let Us Further Increase Our Guidance on Socialist Trade Development and Market Management"/

/Text/ The gist of the resolution of the Fifth Party Central Committee's Eighth Plenum calls for doing away with centralism, bureaucracy and subsidization and switching completely to socialist economic accounting and business transactions.

Discarding the centralized, bureaucratic and subsidy-based price and wage system constitutes a pressing demand and a spontaneous task of decisive importance for switching completely to the new economic system.

The majority of localities throughout the country are enthusiastically switching from the habit of paying wage earners partly in kind to the practice of making wage payment in cash, ensuring unified retail prices, and pegging wages to production costs. This is merely an initial but very important step, which can be likened to attending a great school where we can draw experiences and make preparations for switching completely to the new system. This fact reflects the high degree of unanimity among our entire party and people over the resolution of the party Central Committee's Eighth Plenum and their firm determination to discard centralism, bureaucracy and subsidization and switch completely to socialist economic accounting and business transactions.

All party committee echelons and the administration at all levels have undergone a vigorous change for the better in guiding economic management. They have made great efforts to guide various sectors--trade, financial, banking, communications and transportation, and so forth--in securing the sources of goods and money, developing socialist trade, stepping up selling activities, transforming private industries and trade, managing the market, achieving economic integration and keeping abreast of the local socioeconomic situation on a hourly and daily basis.

It can be said that remarkable progress has been noted everywhere in improving the thinking about socialist economic construction and the methods of economic management.



Though regarded as an initial and preparatory step toward switching to a new system, indexing wages to cost-of-living increases, adopting a unified retail price system, and pegging wages already adjusted to cost-of-living increases have produced positive and visible results. All these have also helped expose many deficiencies and irrationalities in the old system of centralism, bureaucracy and subsidization that should be overcome. This task has also posed many new problems and complications to be tackled. /passage indistinct/

Now, not only there are technical problems such as preparing the paperwork for revising the methods of paying for and computing wages and tackling those remaining money coupons for buying goods or those policy problems involving city ward and village cadres, their dependents, college students, handicraft workers and vegetable growers who are entitled to benefit from the policy of regulating rural market prices, the policy of computing production costs and retain prices for products, and so forth, but there are also many problems of renovating or improving the working methods of the distribution and circulation sectors, especially the banking, financial and trade sectors.

One of the most important tasks of all party committee echelons and the administration at all levels at present is to intensify further their guidance over the task of developing socialist trade and managing the market. This will contribute partly to deciding the success of the policy of indexing wages to cost-of-living increases, pegging wages already adjusted in accordance with the cost-of-living increases, and preparing for embarking on the new mechanism of management.

The situation requires the socialist trade sector to surge forward to secure the sources of goods and money--especially those essential items such as grain, foodstuffs, consumer goods--expand business transactions, and ensure better services.

Those localities now having all items of essential goods available should not content themselves with this. Instead, they should continue to turn out and further secure the sources of agricultural, industrial and handicraft goods. In the final analysis, we cannot wash our hands after paying workers their salaries. Instead, we must ensure that sufficient goods are for sale to meet the laboring people's needs.

By discarding the system of providing inkind allowances, switching to the system of paying wage earners in cash, and ensuring unified retail prices, we will create a great change in the structure of the people's requirements for consumer goods, and consumers will have more freedom in selecting the kinds of goods and the shopping outlets they want.

In securing the sources of goods and in buying goods, the socialist trade sector must pay great attention to studying the demands for consumption as well as the mentality and taste of consumers. Our marketing method calls not only for dynamism and flexibility but also sophistication and courtesy. Otherwise, the flow of goods and capital will stagnate, business transactions will produce negative results and customer services will be unsatisfactory.

We must prevent and be determined to struggle against negative phenomena that may continue to exist among a number of bad trade officials. For instance, although already switching to the new management mechanism, they have continued to adopt a corrupt attitude by weighing, measuring and counterering goods dishonestly.

As the new mechanism of management provides trade stores with greater decision-making rights, including that of fixing the prices for certain fresh and raw items, it is certain that there will be many loopholes on which bad elements can capitalize. Selecting, appointing, training, and educating storekeepers with good revolutionary qualities and management skills are a task that must be guided well by various party committee echelons and the administration at all levels.

It is a glorious duty of the socialist trade sector to ensure good customer services and trade activities to contribute positively to implementing the resolution of the party Central Committee's Eighth Plenum and to rid certain consumers of their tendency to prefer buying goods on the free market rather than from state stores.

The implementation of the wage-related policy and the policy on and system of retail prices requires party committee echelons and the administration at all levels to further intensify their guidance for stepping up market transformation and management. They must make it possible for the state to achieve unified control over and monopolize the marketing of grain and other essential farm produce, exercise close control over the free market, severely punish speculators and smugglers, and ensure the in-cash subsistence allowances for workers, civil servants, and members of the armed forces.

As the new system of socialist economic accounting and business transactions is now in the process of taking shape, we should not think simplistically that indexing wages to cost-of-living increases and tackling the questions of prices, wages and money will help smooth out everything. This is only the initial and preparatory step toward a new era and a new mechanism of management. Discarding old habits, old behaviors, and old procedures to embark on a new economic management era is a difficult, complex struggle. But no matter how serious the difficulties may be, we should show no hesitation or disappointment. Instead, we should remain confident and determined to surge forward to implement the resolution of the party Central Committee's Eighth Plenum by switching completely to the system of socialist economic accounting and business transactions.

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